

**Minutes of the meeting held
on Monday 17th March 2014**

Key abbreviations/acronyms used in these Minutes:

SMT	Strategic Management Team
SLC	Student Loan Company
I.P.	Intellectual Property
TRAC	Transparent Approach to Costing
HEFCE	Higher Education Funding Council for England
SSRs	Student/Staff Ratios

Papers: You can request a copy of the reports to which reference is made below from the Manager, Secretariat: Tel: 0151 231 3116 or email: secretariat@ljmu.ac.uk [please note some information is marked as *Restricted Business which will not be available to the public*].

PRESENT: Mr G Morris (Chairman)
Mrs K Byrne (Deputy Chairman)
Mr P Hyland
Mr J Stopforth
Professor N Weatherill

IN ATTENDANCE: Ms J Bertolini (Finance Director & Deputy Chief Executive)
Mr C Davies (Director of Estate Management)
Ms B McGuinness (Deputy Finance Director)
Mr C Reid (President, LiverpoolSU) (Item 5 only)
Mr R Schooler (Head of Financial Planning & Modelling)
(Item 10 only)
Ms D Tipping (Committee Secretary)
Ms J Whalen (Chief Executive, LiverpoolSU) (Item 5 only)
Ms A M Wild (University Secretary & Deputy Chief Executive)

FC 14.01 **APOLOGIES**

No apologies given. Full Attendance.

Preliminary Formal Business

FC 14.02 **DECLARATION OF INTERESTS**

Any member of the Board who had (or who knew of a family member who had) a material, personal, financial or other beneficial interest in any item on the Agenda was requested to declare that interest at the beginning of the meeting, or to the Chairman prior to the meeting, in order that such declaration could be recorded in these Minutes.

Noted.

FC 14.03 **MINUTES OF THE MEETING HELD ON 28TH OCTOBER 2013**

Approved as a correct record.

FC 14.04 **MATTERS ARISING FROM THE MINUTES**

(i) Action Point FC 13.30:

Received: the report of the Deputy Finance Director (FC 14/02).

Reported: At the Finance Committee meeting held on 28th October 2013, the Committee acknowledged the difficulties the Students' Union was facing in regard to its pension deficit repayments and advised that it may be of assistance to meet with the University's Pensions' Manager for advice and guidance.

The Committee received the report from the Deputy Finance Director, which provided feedback from the meeting held in November 2013 between the Deputy Finance Director, the Pensions Manager and representatives from LiverpoolSU.

Commented:

- The Finance Director & Deputy Chief Executive advised Committee that the Students' Union had a structural issue with the Pensions' Scheme in that they no longer have any members that are part of the Pensions' Scheme which is now dormant, and are not taking any new members.

The Students' Union will be hit with a structural increase of circa £40k per annum starting next year. As a consequence of relocating the Students' Union at the end of this academic year there will be savings for both the Students' Union and the University and negotiations are currently taking place as to how much of these savings can be retained by the Students' Union.

- The Chairman agreed with the University's approach in regard to the negotiations around savings and the importance of the Students' Union adopting good financial and business management in relation to its organisation. The University would be making savings for the Students' Union, but would also be investing a lot of

money in the Union and therefore the Union should not expect to receive the entirety of any savings.

- The Chairman also recognised the wider issue of whether the University supports the Students' Union with enough money compared to other similar establishments. The University also needed to consider whether the Union is spending the funding appropriately; on the right services; and is the University receiving value for money.
- The Finance Director & Deputy Chief Executive reported that the University has changed its working relationship with the Students' Union over the last five months in that the University's and Student Unions' Executive Teams are meeting regularly to discuss issues and reporting to the SMT, therefore formalising relationships. The Finance Director & Deputy Chief Executive referred to the current Code of Practice on how the Students' Union's activities comply with legislation and advised that Members may wish to re-visit the Code to ensure the Committee has the information from the Union required to meet regulations. The Code stipulates that accounts should be forwarded to the University's Finance Director & Deputy Chief Executive, who will verify that the LiverpoolSU accounts are properly drawn up and audited, and therefore it may be timely to review these processes to ensure the Union and the University are complying with the Code, and whether changes need to be made to how papers are brought to Committee from the Students' Union.

Action: Finance Director & Deputy Chief Executive and Committee Secretary

- The Finance Director & Deputy Chief Executive informed Committee, that as part of the negotiations around re-locating the Students' Union, the Union have come back to the University advising that they would like to keep £90k to spend on other activities. The University has therefore asked the Students' Union to provide a paper outlining a business case and the University has provided guidance on how to provide this. It is recognised that as part of the re-location, the Students' Union will no longer be running bars and that their activities are changing and therefore the Students' Union should be preparing for these changes and providing a longer-term business plan.
- The Chairman reported that he had advised the Students' Union to share the Finance Committee report with the Finance Director & Deputy Chief Executive before submitting to the Committee and that this had been acknowledged. It was also recognised that the Students' Union is a separate organisation with its own Board of Trustees who had responsibilities around the organisation of the Students' Union. It was envisaged that the Union's Trustees would find the more formal process of working together helpful rather than interfering.

- Members of the Committee felt it would be helpful to re-visit the working relationship and accountabilities of the Students' Union to the Board to assist them in their understanding of the Committee's responsibilities around this area.
- Members also felt that the Union should be clear about its future direction and vision for the next two to three years and that this is what the University needs from the Students' Union. The Finance Director & Deputy Chief Executive advised that the re-location of the Students' Union had assisted in the Union's focus around student engagement and having a presence in University buildings which would assist such engagement and student advocacy.
- The Vice-Chancellor & Chief Executive advised, that on the assumption of the Copperas Hill Project going ahead, that this will give the Students' Union a phenomenal opportunity and that the Union should begin to focus on that and bring forward its ideas so that the estates infrastructure can accommodate the Union's vision and mission going forward, and can provide the opportunity to completely transform them as a Students' Union with additional opportunities for income generation.

The Committee **Noted:**

- The outcome of the meeting held in November 2013.
- The guidance and assistance offered.
- The subsequent confirmation of the increase in the pension deficit lump sum to be paid by LiverpoolSU for the following three years.
- The subsequent confirmation of the limited capability to negotiate an extension to the pay-back period.

(ii) Action Point FC 13.33

Received: the report of the Deputy Finance Director (FC 14/03)

Reported: At its meeting held on 28th October 2013 the Committee requested further guidance in relation to the debtors and doubtful debt provision, to assist Governors with their understanding of the University debtors.

Commented:

- The Chairman reported that he found the paper confusing due to the inclusion of credit balances, and requested that in future presentations to Finance Committee only the debtor information be shown against which provisions are made. The Deputy Finance Director explained the complex accounting reasons, especially in relation to the SLC, for not having previously split the information from the systems as the debit and credit balances are so interlinked, but that for the purpose of this Committee would provide the information as requested in future, i.e. debit balances of debtors.

Action: Deputy Finance Director

- The Chairman sought further clarification on what information is required from the SLC regarding “claw back” some four years on and was advised that the University is also trying to seek clarification from the SLC. The SLC has now requested information in a particular way to enable it to account for monies it owes to Universities.
- Members felt that the provision (£2,615m) was significantly higher than the debts, and asked if this is an historic figure which should now be “written out of the books”. The Deputy Finance responded that auditors had advised it could only be taken out of the accounts after a six year period and therefore the figure did include historical debt.

Noted.

(iii) Action Point FC 13.35

Received: the report of the Finance Director & Deputy Chief Executive (FC 14/04).

Reported: The Finance Committee, at its meeting held on 28th October 2013, requested a short synopsis of the structure of the Liverpool Science Park; its finances; and any guarantees the University had given, so that the Committee could better understand the risks.

Commented:

- The Chairman outlined that the purpose of the request for this information was to ascertain the financial risk to the University if the Liverpool Science Park became financially unsustainable. The Finance Director & Deputy Chief Executive advised that the University is proceeding steadily and has taken action to stabilise the situation by moving the University’s own teams into the buildings ensuring capacity and rental for the Science Park, but also making savings for the University and providing a more beneficial location.
- The Partners have also changed the way in which loans are provided to the Science Park. The Finance Director & Deputy Chief Executive provided Committee members with a copy letter sent to the Directors of the Liverpool Science Park outlining the terms of the loan facility available to the Science Park, for information. The Finance Director and Deputy Chief Executive assured the Committee that risks are being mitigated and are manageable and cannot foresee any significant risks at this time.
- The Vice-Chancellor & Chief Executive reported that from the University’s point of view it was seen as positive to have a Science Park. Strides had been made more recently to focus the Science Park in terms of what it delivers for the City as a whole and the two

University partners. The Science Park needs to be clearer about its outcomes and benefits and the Partners will continue to steer the Science Park in that direction.

- The Chairman reported that he could not recall a detailed business plan for the Science Park coming to the Finance Committee to support these investments, and that it would be helpful to see the financial accounts at the end of each year for the Science Park and its forecast going forward to ensure that the University can support it. The Science Park's overheads structure needs to be challenged in a constructive way to ensure the business works.

Action: Finance Director & Deputy Chief Executive

- The Finance Director & Deputy Chief Executive advised, in relation to the overheads of the Science Park, that any savings would be minimal and that the way forward is through generating income.
- Members felt that the real social purpose of the Science Park is about new business generation; knowledge transfer; and, commercialising I.P. It was felt that the Science Park provided wonderful facilities but was not working for the purpose it was built. Members would like to see more evidence that some real "entrepreneurial flair" was put into the work of the Science Park to encourage the generation of new business and to see a return on the Universities' commercial and I.P. investment.
- The Vice-Chancellor & Chief Executive advised Committee members that discussions would become more complicated as the City moves forward with the Knowledge Quarter (which is a Mayoral Development Zone), and which has a completely different governance structure to the Liverpool Science Park. The Science Park sits within the Knowledge Quarter as does the University. There is currently an advert out for the position of Chief Executive of the Knowledge Quarter; however, there is currently no governance structure in place. The governance structure needs the type of leadership that will prioritise the bringing in of investment.
- Members felt that the Knowledge Quarter would be a great advertisement for inward investment on behalf of the City but it is also about making the most of the business potential from the two universities; the teaching hospital; the dental school; which must surely be generating ideas for commercial opportunities that should be taken to proto-type stage and need testing and beyond, and which should be behind the rationale of utilising the Science Park.
- The Vice-Chancellor & Chief Executive would hope to bring forward proposals whereby LJMU will look for a vehicle to exploit its I.P. and would welcome an opportunity for that debate. The University needs a wholly-owned company that is driven to exploit its I.P. and there will be an opportunity to discuss this further in the future.

- The Chairman agreed with the above comments from Members and the Vice-Chancellor & Chief Executive but reminded the Committee that its remit was to ensure the financial sustainability of the Liverpool Science Park going forward and to identify any risks. The Vice-Chancellor & Chief Executive reassured the Committee that a lot of work had gone into assessing the financial accounts of the Science Park by the Finance Director and her team, which had resulted in quite a few changes, the most important being the attitude within the Science Park where it must be understood that Partners would not simply provide finances on demand.

(iv) Action Point FC 13.37(a)

Received: the amended Terms of Reference (FC 14/05)

Reported: That amendments to the presentation of the Terms of Reference of the Finance Committee had been actioned.

Commented:

- The Committee Secretary advised Committee that the Purchasing Policy & Procedures requested by the Committee, outlined within the Terms of Reference, was currently under review by an external body. Once the review has taken place (the initial phase of the review commencing in March 2014) the Deputy Finance Director will bring any proposed amendments to the Finance Committee for approval.

Action: Deputy Finance Director

- The Finance Director & Deputy Chief Executive recommended that it is now timely to review the 'Specific Delegated Authority' responsibilities of the Finance Committee and to ensure the duties listed are put on a more formal footing. The Chairman requested the Committee Secretary to liaise with the Finance Director & Deputy Chief Executive to ensure these items are placed on the programme of business for reporting to Finance Committee in a timely fashion.

Action: Committee Secretary and the Finance Director & Deputy Chief Executive.

(v) Action Point FC 13.37(b)

Reported:

- Committee Members were advised there had been an action point listed to cross-reference the programme of business with the Committee's Terms of Reference to ensure Committee is still receiving the required information. The Committee Secretary had liaised with the Finance Director & Deputy Chief Executive and the Deputy Finance Director who had advised that the information

stipulated within the Terms of Reference is provided to the Committee.

- The Deputy Finance Director advised that although budgetary information is provided to the Committee the reporting procedures themselves are not reported and that it is timely that the next time budgetary information is provided, the University also includes the budgetary and financial reporting procedures.

Action: Finance Director & Deputy Chief Executive.

- The Finance Director & Deputy Chief Executive advised that the Committee did not directly receive papers on risk management and that this was usually reported through Audit Committee and the full Board. The Finance Director & Deputy Chief Executive recommended that any financial risks should be isolated and reported to Finance Committee.

Action: Finance Director & Deputy Chief Executive.

Noted and Agreed.

(vi) Action Point FC 13.38

Received: the report of the Finance Director & Deputy Chief Executive (FC 14/06).

Reported: The Committee had requested an update on current debt and procedural and systems developments.

Commented:

- The Chairman welcomed the report which shows an improved position on last year and that the University is moving in the right direction.
- At the last meeting one of the issues highlighted was the lack of synchronisation between the finance system and student system, which hindered the Finance Division in receiving information to enable it to chase debt at the earliest opportunity. The Finance Director & Deputy Chief Executive reported that the University was reviewing its current systems and that improvements would be in place by the end of the academic year. The review had highlighted the need for a new way of working between areas, namely the Academic Registry and Finance, and this was being worked through in a practical and implementation way rather than making sweeping changes. The outcome would be one set of common data.

Noted:

- The University and JMU Services Ltd debtor balances.
- The system and procedural changes taking place.

Matters for discussion

FC 14.05 **LIVERPOOLSU FINANCIAL UPDATE**

Received: the report of the President, LiverpoolSU and the Chief Executive, LiverpoolSU. (FC 14/07).

Reported: the Committee received the paper outlining the LiverpoolSU Year End Outturn 2012/13; Performance Year to Date 2012/13; and Changes for 2014/15.

Commented:

- The Chairman advised that the Committee understood the position in relation to the Student Union Superannuation Scheme deficit position.
- The Chairman advised that in relation to the Student Union's request for clarification on the future Block Grant, this is no longer required within the reports as the University had provided a response and given as much certainty as it could give. At this moment in time the University does not foresee the Grant reducing and whether it increases or not is a question for the Student Union's business plan and for decision by the University.
- The general feedback from the Committee is that it would be looking for the Student Union's five year plan, with one of the key opportunities being the relocation of the Union to the Copperas Hill site. The University will need to see what the Student Union's vision and strategy is for the next five years and to see financial plans with a strong business plan methodology so that it may consider what the funding grant will be at that point in time.
- The Chairman also noted that the move to the John Foster Building would create savings for the Students' Union but that it should not be taken as a "foregone conclusion" that it will reap all those savings. The Union will need to justify what it wants to keep in terms of value for money and provide a strong business plan which would be looked on favourably.

- The Chairman noted that the projections for this year indicated a £53k deficit and clarified that this amount did include the £40k needed to offset the pensions' offset. The additional charges for the pension fund do not impact the current financial year but only start in September 2014; however, there is already a charge of £80k within the current year's budget.
- Members also felt it would be helpful to receive the budget figures within the financial report as there is nothing in the report to say the Union is in line with the budget. This was agreed by the Chief Executive, LiverpoolSU. The Chief Executive, LiverpoolSU advised Committee that in the context of this year the Union had created two budgets as it was unsure as to when it would relocate. The Students' Union was closer to 'break even' when there was the potential to move at Christmas 2013, as savings in salaries would have covered redundancy payments at budget time, however a later relocation is more costly within the year as it will include paying staff to the year end and redundancies.

Noted.

Secretary's Note: Item 10 on the agenda was brought forward and minuted below to enable the presenter to leave at the end of this item.

FC 14.06

TRAC RETURN 2012/13

Received: the report of the Finance Director & Deputy Chief Executive and the Dean of Faculty of Science. (FC 14/12).

Reported: The purpose of the report was to present the University's TRAC Return to the Committee and for the Committee to confirm compliance with the Statement of Requirements from HEFCE.

- Completion of the TRAC return allows for the University to fully cost its external research and other activities.

Commented:

- The Chairman sought clarification on the accuracy of the time allocation returns. The Head of Financial Planning & Modelling advised that HEFCE recognised that many institutions now have 'Workload Planning Models' in place and therefore accept this data which is subsequently signed off by the Dean of Faculty.
- The Chairman advised that when the report is due next year, it would be helpful, for consistency, to receive a statement advising whether there had been any significant changes in assumptions and how these have been spread or allocated.

- The Chairman also felt that in addition to compliance the importance of this work was to ensure it could be used to the benefit of the University in terms of the benchmarking information that would become available and what the University can learn from it. The Vice-Chancellor & Chief Executive advised the Committee that the University can utilise the information provided as part of TRAC Return, for example, the high priority around staff/student ratios. There are different interpretations of staff/student ratios, for example, you may have one member of staff who is totally dedicated to teaching, or in the extreme one member of staff totally dedicated to research, which from the student experience point of view are polar opposites. There is confidence in the information provided, working with the workload model, and looking at SSRs as part of the University's strategy.
- The Finance Director & Deputy Chief Executive reported that the work had helped the University to highlight issues around statistical data that had not been obvious previously. This needs to be brought to SMT to work it through and can then be presented to Finance Committee for information. The Committee agreed this information would be welcome.

Action: Finance Director & Deputy Chief Executive

Reviewed and Accepted.

<p>Matters for approval or information</p>

FC 14.07 **TREASURY MANAGEMENT UPDATE**

Received: The report of the Finance Director & Deputy Chief Executive. (FC 14/08).

Reported: The Committee was asked to approve interim amendments to the University Treasury Management Policy (until October 2014) to enable the University Finance Department to continue to manage cash balances effectively and efficiently. The Finance Director & Deputy Chief Executive provided three options for consideration.

- The University will soon have a surplus of funds which will not be able to be placed on deposit without exceeding the counterparty limits within the current Treasury Policy. The additional receipt of SLC funds in May 2014 will add to this excess, potentially leaving £26m of funds which cannot be placed within the parameters of the University Treasury Policy.

Approved (until October 2014): Option 1 as amendments to the Treasury Policy as follows:

(I) Lower the short term rating requirements to F1/P2 or F2/P1, with a maximum of £5m to be placed with counterparties with this rating, and

(II) Increase the value of funds able to be placed with the University's main bankers, Barclays Plc, to the lower of £25m or 50% of total funds to cover short term lack of availability with other counterparties.

FC 14.08

REVIEW OF LJMU CATERING & HOSPITALITY PROVISION

Received: The report of the Head of Strategic Business Initiatives. (FC 14/09).

Reported: The Committee was provided with an update on the performance of the LJMU catering and hospitality business and detailed the key changes which have been made over the last 12 months.

Commented:

- The Finance Director & Deputy Chief Executive advised the Committee that the paper sets out the kind of work the University is trying to do and to indicate the issues the University is dealing with. The report outlines the start of a journey to work through these issues and how the University receives value for money, and where responsibilities around budgets lie.
- The Vice-Chancellor & Chief Executive advised Committee that the SMT will be focusing on such initiatives in great detail, catering being the second initiative after the Print Strategy, and this is something the University will be doing on a regular basis.
- The Chairman welcomed the approach of giving guidance to budget holders to better understand where the issues are; whether the right decisions have been made, or will be made in the future.
- The Committee was assured by the Director of Estate Management that the Starbucks Contract was a good deal for the University. Royalties paid to Starbucks were lower than the average royalties paid by other franchises. It had been footfall that had caused the losses in the past in addition to staff salaries whereby the University is restricted in terms of what it pays staff compared to the High Street.
- In relation to vending the University had made losses due to having to carry the risk of loss of produce and wastage which has now been resolved as part of the new contracts where such risk has been transferred to the suppliers.
- The Chairman advised that it may be wise to conduct a cost comparison exercise with Costcutter.

Action: Director of Estate Management

- The Chairman advised that it would be useful to re-visit the University's catering provision in 12 months' time to see what progress has been made.

Noted:

FC 14.09

PROPERTY AND CAPITAL DEVELOPMENT PROGRESS REPORT

[Please note that some reporting has been excluded from this restricted minute – for further information please contact the Manager, Secretariat].

Received: The report of the Finance Director & Deputy Chief Executive. (FC 14/10).

Secretary's Note: Mr J Stopforth advised Committee that he is working for a construction firm that may be interested in working with the H.E. sector in the future, and that he and representatives of the company had met with the Director of Estates Management to better understand how the H.E. sector works. However, there is no pecuniary interest at this time and therefore no conflict.

Reported: The Committee was provided with an update on the financing and progress of the University's Capital Development Programme. In addition, the report also highlighted progress with regard to the financing, disposals and acquisition arrangements and the Carbon Management Programme.

Commented:

- In regard to the Carbon Management Programme the Chairman noted the contents of the report but felt that it did not provide information about what the University is doing to meet and deliver sustainability consistently throughout the University. The issues go wider than energy conservation and the Committee is looking for an action plan from the University to address the wider issues. The Finance Director & Deputy Chief Executive agrees that this is something that needs to be progressed and will be provided to the next meeting.

Action: Finance Director & Deputy Chief Executive

- The Committee sought further clarification on the cost of printing with external suppliers, and was advised that improved controls around ensuring large volumes of work are provided by possibly one contractor is being considered to cut costs and provide value for money. Currently, the University has 10 different individual contracts for this work. The Committee was advised that the type of printing involved is specialised printing such as the University's prospectus and did not relate to general black and white printing costs.

Noted.

Received: The report of the Finance Director & Deputy Chief Executive. (FC 14/11).

Reported: The report updated the Committee on the 2013/14 financial year. The half year re-forecast anticipates an improved position over both the budget set for 2013/14 and the monitoring report presented at the end of October 2013. The University will need to manage expenditure to ensure that this forecast is delivered.

- The historic cost budget surplus for the year was £3.9m. However, this includes the assumed costs of FRS 17 (Pensions) at £3m. If this is excluded, the operational budget surplus was £6.9m.
- At the time of the October report, there were already a number of further opportunities and risks for unbudgeted income and expenditure which had been identified and the forecast was then for a surplus of £6.0m (including FRS 17 pension costs) and a £9.0m surplus excluding the £3m charge for FRS 17. Some of these opportunities and risks have developed and materialised and are reflected in the half year forecast.
- The University's budget for 2013/14 assumed fee income of £105.3m (home £98.3m, overseas £7.0m). The overall budgeted fee income for the year should be exceeded due to good home tuition fee income. The income within the half year forecast reflects the fact that the University has recruited and retained Home/EU students above the budget value by £5.4m, International student figures, whilst improving since the forecast position in October, is still below budget by £0.6m. Retention rates from level 4 to level 5 and 5 to 6 have improved to around 92% (89% in previous years). Overall the tuition fee income is expected to be above budget by £4.8m.
- Surpluses of £1.5m attributable to commercial projects are contained within the forecast. The substance of this is one-off. The forecast now provides a more realistic view for 2013/14 based on expected project closures during the year.
- The University is expected to achieve all of the banking covenants. There remains, however, as a result of the change in the payment profile by the SLC, potential pressures on bank balances in the spring of each year for the next few years at least.
- Latest Outturn Forecast: The forecast position for the year is a historic cost surplus of £8.0m (including FRS 17 pensions costs), which is a £11.0m operational surplus after excluding the £3m charge for FRS 17.

- It is anticipated that the year-end cash position for 2013/14 will improve by approximately £6.1m from £32.8m to £38.9m. There was an improved 2013/14 opening cash balance of £6.7m compared to budget and alongside the improved tuition fee income, additional expenditure and potential capital development spend in year the end cash position remains extremely strong. The above forecasted result now provides a forecast net cash inflow of £15.9m (budget £12.2m) before capital expenditure.

Commented:

- The Chairman requested and received further clarification on how project surpluses are accounted for.
- The Chairman advised Committee that the University currently has 17 academic vacancies and will be advertising for a further 20/22 staff as part of the Inspire2 Programme. The Vice-Chancellor advised that it was hoped these posts would be filled by the start of the next academic year and the financial impact would be seen in next year's budget.
- The Chairman welcomed the positive forecast and congratulated the University on this achievement. Members agreed that this was a hugely encouraging report.

Noted.

FC 14.11

ANY OTHER BUSINESS

Reported:

- Members discussed benchmarking information which would be useful to enable them to better understand the information put before them. It would be helpful when receiving information around student unions; research; international students; catering; carbon management, etc. to know how the University compares to other institutions in the sector. This would enable Members to get a "better handle" on where the University should be and how it means to get there.
- The Finance Director & Deputy Chief Executive advised that the University's External Auditors do provide some high-level benchmarking regarding finances compared to other institutions in the sector, and that this information is presented to Audit Committee. The Finance Director & Deputy Chief Executive reported that the University does hold pockets of information around benchmarking and risk management which are not brought to Finance Committees in a structured way. Risks around finances and the University's Estate are held on the institutional Risk Register and reported to the Board of Governors, but there could be a more structured approach to provide financial risks to Finance Committee if the Committee so wished.

- The Vice-Chancellor & Chief Executive welcomed the discussion and reported it is the University's job to ensure that Governors have the necessary information to inform their decisions. Some critical points had been raised during this discussion around the minimal risk in relation to international students; however, in terms of what the University is trying to achieve as an Institution the risks are very high, if it does not achieve its international targets.
- Members also recognised the difficulties in providing benchmarking information which is not readily available, truly comparable or not ready at the same time. To the extent the Committee could have benchmarking material it would be helpful, but on some occasions the information provided can "throw up more questions than answers". It can be difficult to have benchmarking material for every single paper but the Committee would find it helpful to receive this information where available.
- The Finance Director & Deputy Chief Executive advised that the benchmarking information would have to be drawn wide enough to add value, and should be provided in a way that would make sense, as some of the information is very detailed. For example, the University will be bringing back a paper to the Board of Governors that came out of some queries as to how the University compared to other institutions in relation to the size of the University's pay bill and the number of academic staff to ratio of students. The information does assist in dealing with reality against hearsay but the information does need to be tempered so that it makes sense.
- The Chairman advised Committee that the governance structure is due to be reviewed and that the intention was that Committees would be more aligned to the strategic framework. The review, therefore, should be able to drive the agenda for changes to the roles and terms of reference of committees. However, if the Risk Register can be drawn in a different way, still with the same actions but aligned to the Committees so that Governors can ensure the risks are picked up then this would be welcome.
- The Chairman also asked Committee Members to give some thought as to other items that may need to be included on the Finance Committee's agenda that may not currently arise. Furthermore, he also asked Committee Members whether they felt they had enough opportunity to contribute and engage with the discussions and whether they felt they had been listened to, and met their expectations. The Chairman would welcome any feedback either to him or indirectly so that he may continue to improve his chairmanship of the Committee.
- Members felt the Committee was well-chaired with good discussions; that the reports were informative and succinct and that papers were received in good time.

FC 14.12 **DATE OF NEXT MEETING**

Thursday 26th June 2014 at 4.30pm.

LIVERPOOL JOHN MOORES UNIVERSITY

BOARD OF GOVERNORS – FINANCE COMMITTEE

Action Point Control Register – Status of Open Action Points as at 26th June 2014

Minute	Action	By Whom	By When	Status
FC 12.31	<u>Property & Capital Development Progress Report:</u> The Vice-Chancellor advised Committee that the SMT were currently reviewing the catering provision and ways in which the University could further raise profitability. SMT had requested an update report in this regard and the Vice-Chancellor advised that this could be brought back to Finance Committee for further information.	Vice-Chancellor/Director of Finance and Deputy Chief Executive.	17 March 2014	Discharged – Update requested for one year’s time.
FC 13.30	<u>LIVERPOOL SU FINANCIAL UPDATE:</u> The Chairman advised it may be of assistance to meet with the University’s Pensions Manager for advice and guidance. Meeting to be arranged with the Deputy Finance Director and the Pensions Manager to provide assistance. A further briefing will be provided to the Committee in the future.	Deputy Finance Director & the Pensions Manager	March 2014	Discharged
FC 13.31	<u>PROPERTY AND CAPITAL DEVELOPMENT PROGRESS REPORT:</u> In relation to Carbon Management the Chairman noted other environmental issues outlined within the report and requested a further review and report back to Committee in the near future.	Finance Director & Deputy Chief Executive & the Director of Estate Management	June 2014	Active

Minute	Action	By Whom	By When	Status
FC 13.33	<u>MONITORING REPORT AND FORECASTS FOR 2013/14:</u> The Chairman requested further guidance in relation to 'Debtors' to assist Governors with their understanding.	Deputy Finance Director	March 2014	Discharged and re-opened below at FC 14.04 (ii)
FC 13.35	<u>SCIENCE PARK:</u> The Chairman requested further background to better understand the University's commitment to the Science Park.	Finance Director & Deputy Chief Executive.	March 2014	Discharged
FC 13.37(a)	<u>TERMS OF REFERENCE:</u> The Chairman recommended that under number 16 and the heading 'Specific Delegated Authority', that numbers 17, 18, 19, and 20 should be bullet points. Further, in relation to number 20, namely the 'Purchasing Policy & Procedures' he requested to see this as he could not recall having seen this previously.	Committee Secretary & Deputy Finance Director.	Committee Secretary & Deputy Finance Director.	Discharged
FC 13.37(b)	<u>TERMS OF REFERENCE:</u> For further reassurance, the Committee requested that the Terms of Reference be cross-referenced with the Finance Committee's Programme of Business to ensure the Committee is receiving the appropriate information.	Committee Secretary	March 2014	Discharged
FC 13.38	<u>ANY OTHER BUSINESS:</u> It was agreed that a report would be provided to the next Finance Committee regarding current debt and whether the University is improving on recovering debt and any procedural and system improvements.	Finance Director & Deputy Chief Executive	March 2014	Discharged

Minute	Action	By Whom	By When	Status
FC 14.04(i)	<u>Student Union's Code of Practice:</u> That the Code be reviewed to ensure compliance in regard to the Union's accounts which should be referred to the Finance Director & Deputy Chief Executive before submitting to Committee.	University Secretary & Deputy Chief Executive and the Finance Director & Deputy Chief Executive.	June 2014	New
FC 14.04(ii)	<u>Debtors:</u> That future reports on debtors will only include debit and not credit balances.	Deputy Finance Director	June 2014?	New
FC 14.04(iii)	<u>Science Park:</u> The Chairman reported that he could not recall a detailed business plan for the Science Park coming to the Finance Committee to support these investments, and that it would be helpful to see the financial accounts at the end of each year for the Science Park and its forecast going forward to ensure that the University can support it. The Science Park's overheads structure needs to be challenged in a constructive way to ensure the business works.	Finance Director & Deputy Chief Executive	October 2014	New
FC 14.04(iv)	<u>Terms of Reference:</u> (a) The Purchasing Policy & Procedures is currently under review by an external body. Once the review has been completed the proposed amendments will be brought back to the Finance Committee.	Deputy Finance Director	October 2014	New

Minute	Action	By Whom	By When	Status
	(b) the 'Specific Delegated Authority' responsibilities of the Finance Committee should be reviewed and placed on a more formal footing to ensure they are reported to the Finance Committee in a timely fashion.	Committee Secretary & the Finance Director & Deputy Chief Executive.	June 2014	New
FC 14.04(v)	<p><u>Terms of Reference:</u></p> <p>(a) The Deputy Finance Director advised that although budgetary information is provided to Committee the reporting procedures have not been reported. This will be rectified going forward.</p> <p>(b) The Finance Director & Deputy Chief Executive also advised that the Committee did not directly receive papers on risk management and that this was usually reported through Audit Committee. The Finance Director & Deputy Chief Executive recommended that any financial risks should be isolated and reported to Finance Committee.</p>	<p>Finance Director & Deputy Chief Executive</p> <p>Finance Director & Deputy Chief Executive.</p>	<p>June 2014?</p> <p>June 2014</p>	<p>New</p> <p>New</p>
FC 14.06	<u>TRAC Return 2012/13:</u> Statistical data at School level had highlighted issues that had not been obvious previously. The data would be worked through by SMT with a further Paper being brought to Finance Committee for information.	Finance Director & Deputy Chief Executive	June 2014?	New

Minute	Action	By Whom	By When	Status
FC 14.08	<p><u>Review of LJMU Catering & Hospitality Provision:</u> The Chairman advised that Bibby-owned 'Costcutter' provide products to many universities and student unions and therefore it may be wise to conduct a cost comparison exercise with Costcutter.</p>	Director of Estate Management	June 2014	New
FC 14.09	<p><u>Property & Capital Development Progress Report:</u> In relation to the Carbon Management report the Chairman requested further information and the University's action plan for dealing with the wider issues.</p>	Finance Director & Deputy Chief Executive	June 2014	New