



## **TERMS OF REFERENCE**

### **FINANCE AND INFRASTRUCTURE COMMITTEE**

#### **1. Preamble**

- 1.1 The Board of Governors has established a standing committee of the Board of Governors to be known as the Finance and Infrastructure Committee ('the Committee').
- 1.2 Finance & Infrastructure Committee provides the Board of Governors with assurance on the development and delivery of key elements of the University Strategy. It oversees the development and implementation of the financial, estates, and digital infrastructure objectives of the University Strategy. It ensures that there are financial, estates and digital resources and systems in place to support the delivery of the University Strategy, overseeing budgets, financial strategy, capital plans and assessment of significant investment propositions.

#### **2 Terms of Reference**

- 2.1 The overarching aim of the Committee is to monitor the University's performance against its financial plan and financial strategy and assessing those against the overarching University Strategy. Where performance is not meeting expectations, the Committee will satisfy itself that either appropriate remedial action is being taken or new plans are proposed. The Committee will review the adequacy of capital plans and advise on the amounts to be invested longer-term.
- 2.2 The Finance & Infrastructure Committee is specifically responsible to the Board of Governors for:
  - 2.2.1 Reviewing and recommending a Financial Strategy for the University to the Board, ensuring that it supports and enables the fulfilment of the overarching University Strategy and that the University has the necessary financial resources in the short, medium and long-term to continue to comply with all OfS Conditions of Registration.
  - 2.2.2 Reviewing proposed capital works and digital infrastructure programmes for approval by the Board of Governors, overseeing significant aspects of estate and

digital developments in the delivery of the capital programme, and in alignment with the University's Estates and Digital Strategies. The Committee will ensure that the digital and estates infrastructures are aligned with the University Strategy and that the University's capital and revenue plans are sufficiently resourced;

- 2.2.3 Reviewing the appropriate governance of strategic issues relating to the University's estate and digital infrastructure including asset management, estates and IT projects, maintenance and repair, facilities management, energy and environmental sustainability issues;
- 2.2.4 Reviewing and recommending to the Board of Governors, the Annual University Budget, the five-year financial plan, and periodic Financial Forecasts, in the context of the financial strategy and in order to achieve the objectives of the University Strategy;
- 2.2.5 Overseeing the preparation of the annual budget and financial statements. The Finance & Infrastructure committee ensures that budgets and interim financial statements are prepared and that the annual financial statements are consistent with expectations and forecast;
- 2.2.6 Monitoring the affordability and risk of university pensions arrangements, as part of its brief of ensuring the long-term financial sustainability of the University, and making recommendations to the Board and / or Remuneration Committee on the financial implications;
- 2.2.7 Monitoring and making recommendations to the Board of Governors on the effective and efficient use of the University's financial, digital and physical resources, including reviewing the relationship between cost and income.
- 2.2.8 Evaluating (against established benchmarks, agreed objectives and targets and all associated risk) and recommending for approval the University's financial portfolio of investments, for investment of funds on a medium and long-term basis. The governance of the overarching University Investment Framework is highlighted in **Appendix A**. This also includes considering and recommending to the Board of Governors for approval a long-term financial portfolio investment policy, consistent with the University's risk appetite and cashflow requirements in respect of: the strategic allocation of funds with regard to diversification and volatility, investment objectives and target returns, investment constraints i.e. time horizon, liquidity, ESG considerations and risk appetite, and making a positive contribution to environmental and social impact;

- 2.2.9 Appointing and monitoring the performance of Investment Fund Managers responsible for the custody and management of University long term financial portfolio investment funds;
- 2.2.10 Reviewing the University's Responsible Investment Policy and making recommendations to the Board of Governors regarding any proposed amendments;
- 2.2.11 Monitoring the actual and potential financial implications of the University's Partnerships strategy and making recommendations to the Board of Governors on the financial resources that might be required to deliver it;
- 2.2.12 Determining the dissolution and/or formation of spin-out and subsidiary companies.
- 2.2.13 Monitoring Bath Spa Students' Union's financial management and affairs as required by the 1994 Education Act, and any other relevant requirements, including review of the Union's management accounts, and review of its annual budget and final year-end accounts for approval by the Board of Governors;
- 2.2.14 Advising the Board of Governors on any proposed changes to the University's Financial Regulations.
- 2.2.15 Determining the appointment of bankers and recommending to the Board of Governors for approval;
- 2.2.16 Monitoring its relationship with other Board Committees to ensure that there is appropriate alignment and a distinct set of responsibilities. For example: the Remuneration Committee is responsible for the positioning of University pensions in terms of the overall rewards structure, whilst the F&I Committee reviews the financial implications; the Audit Committee is responsible for reviewing particular elements of the financial statements and accounts in the Annual Report and Financial Statements in the presence of the external auditor, including the auditor's formal opinion and the statement of internal control, whilst the F&I Committee ensures that the accounts are consistent with the financial forecast and five-year & capital plans.
- 2.2.17 Other related matters as may be delegated by the Board of Governors.

## **2. Membership**

- 2.1 The Committee shall normally consist of up to five independent governors, one of whom shall act as Chair of the Committee, and the Vice-Chancellor.
- 2.2 Additional persons may be co-opted by the Committee on its own volition as necessary (in a non-voting capacity) in order to address skills, experience or diversity needs.

### **3. Attendance**

3.1 In attendance at the Committee shall be:

- 3.1.1 the Chief Financial Officer
- 3.1.2 the University Secretary
- 3.1.3 Provost
- 3.1.4 the Pro Vice-Chancellor (Student Experience)

### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be three members, including the Chair of the Committee.

### **5. Frequency of meetings**

5.1 The Committee shall usually meet three times per year and at such other times as the Chair of the Committee may require.

### **6. Other matters**

6.1 The Committee shall be authorised by the Board of Governors to obtain, at the University's expense, outside legal or other professional advice on any matters within its terms of reference, normally following prior consultation with the Vice-Chancellor.

6.2 The Committee shall annually undertake a review of its terms of reference and periodically review its own effectiveness.

### **7. Secretariat**

7.1 The Committee Secretary shall be the Governance Manager, or such other person designated by the University Secretary.

***APPROVED BY THE BOARD OF GOVERNORS [DATE]***

## INVESTMENT FRAMEWORK SUMMARY

## APPENDIX A

	Investment type	Description	Purpose	Governance	
				Stage 1 (in principle)	Stage 2 (green light)
A	Small Investment Fund	£500k per annum for 3-5 years	Trying new things which might make a significant difference to BSU	Initial idea approved at FPG.	Light touch business case approved by FPG. Board informed
B	Large Investment Fund	£3-5m over 3-5 years	For major net income generating projects, which might be with partners.	Initial idea approved at FPG.	Business case reviewed at FPG for recommendation to the Board.
C	Capital Project	A capital project larger than can be funded through either A or B.	To implement the Estates or Digital Strategies. Will include potential replacement PBSA.	Initial idea approved at FPG.	Capital Plan approved by Board of Governors. Projects >£1m require Board approval; <£1m via FPG.
D	Financial Portfolio	Creation and management of a portfolio of financial investments	To generate financial return consistent with BSU's approach to ESG investing and risk appetite.	Board of Governors	BSU Investment Committee
E	Avon Pension Fund	Options for earlier payment of employer contributions	To generate financial return consistent with BSU's approach to ESG investing and risk appetite.	Board of Governors	F&I Committee
F	VS / CR schemes	One-off payments to reduce or change the workforce	To ensure the workforce meets BSU requirements in terms of size and skills mix.	Initial idea approved at FPG.	Board of Governors
G	Deposit Account	A means of holding cash while generating interest.	To hold cash while generating interest	Already exists	PVC F&I, per existing delegation
H	Deficit funding	The consequence of the balance between Income & Expenditure	If expenditure is greater than income, then the deficit is funded from reserves.	FPG considers draft Budget	Budget approved by Board of Governors and then managed through delegations in financial regs.

### Notes

A Business case is a document which sets out clearly and in a quantified manner: what the proposal is, intended benefits, how it will be delivered, costs and financial consequences, risk, including what happens at the end of the funded period.

FPG - Financial Planning Group: VC (Chair, Dep VC, PVC F&I, Provost, Dir Strategic Planning, Director HR).

ESG - Environmental, Social and Governance