

THE UNIVERSITY OF MANCHESTER
FINANCE COMMITTEE
Minutes of the Meeting held on 02 October 2019

Present: Dr John Stageman (Chair), Professor Dame Nancy Rothwell, Mr Edward Astle, Mr Steve Dauncey, Mr Patrick Hackett, Dr Neil McArthur, Mr Richard Solomons, Mr Kwame Kwarteng.

In attendance: Mr Chris Trask, Mrs Nicola Cosens (Secretary), Mrs Diana Hampson (for item 2)

The following interests have been declared:

<i>Dr John Stageman</i>	<i>Chair of Trustees, LifeArc Chair, CELS/BioNow Ltd Member of MRC Translational Medicine (CiC) Committee, MRC Chair of Major Awards Committee Biomedical Catalyst, Innovate UK Member of Institute of Infection EAP, Liverpool University Chair, CRUK Drug Discovery SAB, Newcastle University Retired Research & Development VP, AstraZeneca plc</i>
<i>Mr Richard Solomons</i>	<i>Trustee, Mission Motorsport Advisor, Ennismore International Management Ltd Chairman Rentokil Initial plc Member of Aston Martin Lagonda Global Holdings plc</i>
<i>Mr Edward Astle</i>	<i>Vice-Chair, Shannon Trust Non-Executive Director and Chair of the Audit, Risk & Compliance Committee, Openreach</i>
<i>Professor Dame Nancy Rothwell</i>	<i>Co-Chair, Council for Science and Technology Member of Greater Manchester Local Enterprise Partnership Chair, Corridor Manchester Deputy Lieutenant, Greater Manchester Lieutenancy External Consultancy, GSK Member of Northern Powerhouse Partnership Board Member of National Council, The Academic Study Group Participation in evaluation of the scientific quality of clinical research in Sweden (2012-15), Swedish Research Council Patron, Support and Help IN Education (SHINE) Board member/Trustee, UK Dementia Research Institute Director, Russell Group Member, Cancer Research UK Member, UK Industrial Strategy Council</i>
<i>Mr Steve Dauncey</i>	<i>Director of NorthWest Universities Purchasing Consortium (NWUPC)</i>
<i>Mr Steve Dauncey & Mr Patrick Hackett</i>	<i>A number of directorships in the University of Manchester companies as required to ensure appropriate governance</i>

The Chair welcomed Mr Kwame Kwarteng as General Secretary to the Students Union.

1. Summary of Business

Received and noted: Summary of Business to be covered at Finance Committee.

2. Capital Programme Update

Received: Capital Programme report prepared and presented by Diana Hampson (Director of Estates & Facilities).

Approved: There were no projects requiring approval at this meeting.

Noted: Finance Committee noted:

- The Financial risk and contingency has increased £0.3m since the last report.
- AMBS sub-contractor settlement agreement has been agreed.
- First Light Pavilion at Jodrell Bank – the project is being amended to ensure it remains within budget.
- Manchester Museum Courtyard Project - Enabling work ongoing
- Chemistry LTM / CRR project - Pricing and safety reviews underway. The Director of Estates assured the committee that if the proposed configuration and operations were deemed to not meet safety requirements, the project would not progress. The National Nuclear Laboratory has been engaged to assist with the assessment.
- Fallowfield Residences - Phase 1 complete includes 729 en-suite study bedrooms, phase 2 expected to complete in December 2019 and be online for students in January 2020.
- University Place – [REDACTED]
[REDACTED] **Redacted – Restricted Information.** The University is considering its options as there are two separate issues which relate to design and installation that require remedy.
- Manchester Engineering Campus Development (MECD) – Will utilise space on the 5th floor and Booth Street East. The Wind Tunnels will remain in George Begg, Sackville Street and Corrosion will locate to the Royce Building.
- Presentation and consideration of post (major) project completion reviews by the Finance Committee to be desirable.

Actions: Director of Estates & Facilities

2.1 The Committee requested an input from the Executive and the Director of Estates and Facilities on the current view of forward priorities for the Estates Masterplan (including 'paused' projects, capital allocation for repair & maintenance) and any other options that would assist the University reaching its Environmental targets.

2.2 With the Director of Finance, present a paper clarifying the impact of Unsworth Park across the plan period. The paper should include a revisit of the residencies strategy including the risks and the market for student residences within the Manchester environment and a consideration of the options for funding the next phases of residence provision.

2.3 In preparation for a post project review of the MECD investment in 2021/2022, a paper providing a mid-project MECD review assessing delivery, cost analysis, projection of benefits to be realised, timeline and risks. This will identify any learning points for future campus development projects. This will guide the format

of information that would be valuable for post project review and begin to identify learning points for future investments.

2. Arrange Residences site visit for Committee members (possibly for November). Committee members wish to visit both the new Fallowfield residences and an older location.

3. Actions Consequent

Noted: Finance Committee noted the list of actions consequent.

Action: Secretary

3.1 Remove Social responsible investment policy from the list and to add Financial Sustainability.

4. Minutes

Received & Confirmed: The minutes of the meeting held on 26 June were confirmed as an accurate record of the meeting. Finance Committee also approved the minutes to be made publically available according to OfS guidelines.

5. Actions from 26 June 2019 meeting

Noted: Finance Committee noted the updates on the actions from the meeting on 26 June 2019.

6. University Financial Sustainability

Received: Update

Noted: Finance Committee **noted** the update on the three immediate external risks of Brexit, pension increases and Augar. The uncertainty of medium term outcome remains.

Professor Keith Brown (Vice-President & Dean of Humanities) will attend Finance Committee on 13 November with an overview of the Executive's assessment of the University Financial Sustainability in light of threats and potential mitigating actions.

Action: Director of Finance

6.1 To review the recent FRC letter to FTSE organisations on how Brexit will potentially impact on companies for relevance to the University.

7. Finance Report

Approved: Finance Committee approved the following:

- **7.2** UMIP UPF Ltd – the subsidiary will formally close in the spring of 2020.
- **7.3** University of Manchester Innovation Centre Ltd (UMIC) and Manchester Innovation Ltd (MIL) – Formal transfer of the buildings to the University and closure of the subsidiary to occur during 2019/2020.

- **7.5** University Green – the assignment of the retail lease to a Bruntwood Company replaced by suitable guarantor arrangements.
- **7.7** UMSS Guaranteed Minimum Pensions (GMP) Methodology – the recommended (D2) methodology should be adopted.

Noted:

- **7.1** EIB Loans – Repayment was made on 31 July 2019.
- **7.4** Corporation tax computation – Corporation tax return for 31 July 18 results in a nil tax liability.
- **7.6** Manchester Science Partnership (MSP) shares acquired by Bruntwood
- **7.8** HECSU and Graduate Prospects - £4.3m UMSS pension liability with £120k contributions per annum. Control of buildings will return to the University. The book £300k shortfall is being negotiated by the Director of Finance.
- **7.9** Paterson redevelopment update.
- **7.10** Financial Data Collection – the Committee noted the risks regarding the OfS Collection requirements.
- **7.11** Fraud Response Plan – the changes were noted.
- **7.12** NWeH – The Director of Finance confirmed that appropriate advice has been received by Directors. The Finance Committee noted full provision against any debt/investment had already been recognised in the University's accounts.

Action: Director of Finance

- 7.4 Finance Committee to receive a paper on the overall Tax Strategy of the University
- 7.5 University Green – The University to seek external legal advice regarding the group company guarantee and that insurance is not an issue.
- 7.6 A paper to be provided to November's Committee updating the Paterson negotiations, space usage within the new building, risk associated with cost overruns, Alderley Park rental if completion is delayed and the Business Case on the University's return (financial and non-financial) from the investment. The Executive to confirm whether a commercial project manager should be linked to the project.

Action: Deputy President and Deputy Vice Chancellor

7. 5/6 To provide an explanation of the structures of Bruntwood/MSP and clarification of the relationship each has with the University.

8. 2018-19 Management Accounts

Received and noted : Despite an improvement on 2018/19 underlying contribution for the year did not achieve the sustainable position of 5-7%.

The year end position was better than that recorded in the Q3 forecast. This was mainly attributed to FSE's better performance and research contribution catch ups across all Faculties. The University is undertaking a review of its forecasting process.

Finance Committee commented that the format of the full suite of the management accounts was welcomed and highlights material items which facilitates understanding.

Action: Director of Finance

To consider the presentation of cash actuals and forecast and to raise the primacy of these within the management accounts.

9. 2018-19 Financial Statements

Finance Committee appreciated an early review of the financial statements which provides time for comment.

The Director of Finance reported that there is ambiguity within the sector whether the USS pension adjustment based on the 2018 valuation process is an adjusting post balance sheet event. In-line with advice from its auditors, the University has treated as non-adjusting but provided explanations as to the impact if the change was reflected.

Action: All members

To provide feedback to Director of Finance on the Financial Statements content. To facilitate the review a Pdf of the existing statements was provided following the meeting.

10. Finance Committee Terms of Reference

Action: Committee Chair and Deputy Director of Finance

10.1 To review the Terms of Reference (with the Deputy Secretary) and to submit proposed revisions to the next meeting.

11. Investment Sub Committee update

Not covered in meeting, however the Chair proposed that items requiring approval would be circulated by e-mail post meeting.

12. Any Other Urgent Business –

No Items discussed.

13. Date of next 2019-20 meetings

Wednesday, 13 November 2019

Wednesday, 5 February 2020

Wednesday 6 May 2020

Wednesday 17 June 2020