

THE UNIVERSITY OF MANCHESTER
FINANCE COMMITTEE
Minutes of the Meeting held on 13 November 2019

- Present:** Dr John Stageman (Chair), Professor Dame Nancy Rothwell, Mr Edward Astle, Mr David Soutter, Mr Patrick Hackett and Mr Kwame Kwarteng.
- In attendance:** Mr Chris Trask, Mrs Diana Hampson (for item 2), Mrs Nicola Cosens (outgoing Secretary) (minutes) and Dr John Marsh (incoming Secretary).
- Apologies:** Dr Neil McArthur and Mr Richard Solomons.

The following interests have been declared:

- Dr John Stageman* *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
- Mr Richard Solomons* *Trustee, Mission Motorsport*
Advisor, Ennismore International Management Ltd
Chairman Rentokil Initial plc
Member of Aston Martin Lagonda Global Holdings plc
- Mr Edward Astle* *Vice-Chair, Shannon Trust*
Non-Executive Director and Chair of the Audit, Risk & Compliance
Committee, Openreach
- Professor Dame Nancy Rothwell* *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
- Mr Patrick Hackett* *A number of directorships in the University of Manchester companies*
as required to ensure appropriate governance

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 contingency has increased £0.1m since the last report.
- AMBS sub-contractor claims, the risk figure [REDACTED] **Redacted – Restricted Information** has now been transferred into the project from contingency.
- First Light Pavilion at Jodrell Bank project is challenged to ensure it remains within budget.
- Manchester Museum Courtyard Project the advanced works contract has been awarded.
- Chemistry LTM / CRR project - The National Nuclear Laboratory has been engaged to assist with the external review. [REDACTED] **Redacted – Restricted Information**
- Coupland 3 Refurbishment the possible implications of several contractors and sub-contractors ceasing trading.
- Fallowfield Residences - Phase 1 occupied, phase 2 on track to complete in December 2019 and be online for students in January 2020.
- Manchester Engineering Campus Development (MECD) –main construction work due to complete January 2021 –currently on track. It was agreed any contingency would only be released when the project was finished. The committee welcomed the Interim review report including an initial analysis of challenges and lessons learnt. It anticipated a more complete post project review after MECD completion in 2021.
- Pankhurst Project centre / Dementia Institute - The GMCA Board have approved a [REDACTED] financial contribution from the GM Local Growth Fund this includes [REDACTED] of UoM funds. **Redacted – Restricted Information**
- **Paterson redevelopment update** - The Christie has been granted planning permission for the building. The building design budget is [REDACTED] current costs projections show a build cost of [REDACTED] **Redacted – Restricted Information**

The Committee also noted:

- that it was helpful to receive regular updates, highlighting key governance and financial implications, on the University's satellite and collaboration activity;
- the challenges posed by timing and elasticity constraints, Finance Committee recognised the value of it being provided with timely opportunities to consider key capital projects;
- that the Estates team were currently working on the next phase of the Masterplan including reinstating 'paused projects', future budget for ongoing maintenance and support, prioritised options for residences and new major projects (e.g. Stopford Building renewal).

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Actions: Director of Estates

2.1 The Committee requested that Pankhurst Project is included in the UoM five year plans, and that it receive the business case and evidence base for the Project at a future meeting.

Actions: University Executive

2.2 To consider and prioritise how additional contribution being worked into the strategic plans would be utilised, including capital investments. To continue to explore what financing options are available to the University if it needs to finance capital investment, albeit from the basis of a stronger 5YP.

3. Actions Consequent

Noted: Finance Committee noted the list of actions consequent.

Action: Director of Finance

3.1 Financial Sustainability update to be included at each committee meeting, reported within the Finance Report for any changes/new sector risks that may impact on plans.

4. Minutes

Received & Confirmed: The minutes of the meeting held on 2nd October were confirmed as an accurate record of the meeting once an amendment to a capital programme point has been redacted. Finance Committee also approved the minutes to be made publically available according to OfS guidelines.

Action: Secretary to make appropriate changes to the minutes.

5. Actions from 02 October 2019 meeting

Noted: Finance Committee noted the updates on the actions from the meeting on 02 October 2019, and in particular the following:

- a) that an update report on MECD had been included on the 13 November agenda as part of the Capital Programme Update. The report had helpfully highlighted key points which could inform future estate projects, and its format was welcomed as an exemplar;
- b) that decisions by Finance Committee regarding the residential estate should be informed by a broad contextual overview, and an options analysis which considered the implications of a status quo option;
- c) that 'on track' (rather than 'ongoing') would be a more appropriate phraseology to denote progress against actions.

Action: Secretary

Going forward to ensure timeframe noted for delivery on all action points.

6. University Financial Sustainability

Noted: Finance Committee welcomed and **noted** the overview of the Executive's assessment of the University Financial Sustainability and potential scenarios in light of current external risks. Threats. The Committee approved the Executive's intention to achieve an underlying contribution [REDACTED] **Redacted – Restricted Information** with the intent to maximise output from existing assets/capital. It appreciated that further analysis of the options is required by each Faculty and PSS to reach this higher target. It anticipated a further update on this work at the next meeting.

Action: Director of Finance

To incorporate options available to ensure a growth on the current five year plan to reach a return of [REDACTED] **Redacted – Restricted Information** which includes investment for growth. That once agreed these actions are included within the financial plans and thereby owned by the University's Executive.

7. Finance Report

Noted:

- **Investment Governance procedures** – it was noted that it was not currently practical to merge Finance Committee with the Investment Sub-Committee. It was approved that Finance Sub-Committee recommends any changes to investment beliefs, strategy or SRIP to Finance Committee.
- **Change in Private Placement holders** – noted the change in the holdings.

8. October 2019 Management Accounts

Noted : That the current position is too early in the financial year to be used as a performance indicator for outturn, and to await HESA Census figures in December to confirm the Tuition income impact.

Action: Director of Finance

To review Research performance; the existing results may signal over optimistic budgeting. Identify an appropriate lead time indicator for new awards when budgeting.

9. 2018-19 Financial Statements

Finance Committee noted and approved the 2018-19 Financial Statements as an accurate record and **recommended them for approval by the Board of Governors**. This was formally carried out in the joint meeting held with Audit Committee.

The 2019-20 Financial Statements would be helpfully informed by comments raised in discussion regarding:

- a) including the remit of Finance Committee in the Corporate Governance Statement;
- b) ensuring that Remuneration Committee consider themes of termination payment, changes in the number of staff paid in excess of £100,000, and remuneration of the President and Vice-Chancellor prior to the drafting of the Statements.

10. Finance Committee Terms of Reference

Noted: Proposed terms and request for modification action below.

Action: Deputy Director of Finance

Review and propose changes to Finance Committee at February's meeting section C and D to address concerns raised.

To incorporate/ reword section C:

'An optimal approach to financial management reflecting best practice in the sector and beyond, including any statutory and other external requirements and any associated borrowing requirements and insurance arrangements;'

And section D:

'That major capital projects are appropriately and satisfactorily managed and that appropriate post project evaluation has taken place.'

Action: Director of Finance, Secretary and Chair

Meet to overview ToR against Finance Committee work to ensure points of reference addressed effectively in the annual agenda of work.

To develop a forward plan of business for the Committee which aligned with its Terms of Reference.

11. OfS Annual Accountability Return

Finance Committee noted the 2018-19 OfS Annual Accountability return as an accurate record and **recommended them for approval by the Board of Governors.**

12. Investment Sub Committee update

[Redacted]

[Redacted]
[Redacted]
[Redacted]
[Redacted]
Redacted – Restricted Information

12. Any Other Urgent Business

The Director of Finance reported the latest Moody's credit rating [Redacted]
[Redacted]
[Redacted]

[Redacted]
Redacted – Restricted Information

13. Date of next 2019-20 meetings

Wednesday, 5 February 2020
Wednesday 6 May 2020
Wednesday 17 June 2020