



The University of Manchester

**Approved Minutes**

## **FINANCE COMMITTEE**

**7 October 2020**

**Present:** Ms Caroline Johnstone (Chair), Mr Edward Astle, Professor Steve Jones, Mr Kwame Kwarteng, Dr Neil McArthur, and Professor Dame Nancy Rothwell.

**In attendance for all items:** Louise Bissell (Head of Tax and Financing), Robert Fraser (Chief Financial Officer), Professor Luke Georghiou (Deputy President and Deputy Vice-Chancellor), Patrick Hackett (Registrar, Secretary and Chief Operating Officer), Chris Trask (Deputy Director of Finance), and John Marsh (Senior Governance Manager) (minutes).

**In attendance for:**

Capital Programme Update: Diana Hampson (Director of Estates and Facilities).

University Strategic Plan: Matt Atkin (Director of Planning).

**Apologies:** Mr Richard Solomons.

### **1 Welcome and Thanks/Declarations of Interest**

**Noted:** that there were no declarations of interest in relation to the agenda.

### **2 Minutes of 9 September**

**Agreed:** to approve the minutes of 9 September 2020.

### **3 Matters Arising/Action Log**

**Noted:**

- a) that the Director of Estates and Facilities would review the status of actions, some of which may have been superseded by the University's response to the COVID-19 Pandemic; **Action: Director of Estates and Facilities**
- b) that action 11: Cashflow Projections had been dealt with and superseded;
- c) action 14: Review of Delegations: the Review had commenced, and it was anticipated that it would be completed in 2021.

### **4 Capital Programme Update**

**Received:** the October 2020 Capital Programme Update.

**Noted:**

- a) the following updates on specific projects:
  - i. Chemistry Building: the external review being undertaken by National Nuclear Laboratories (NNL) was largely complete and a report had been issued securely to the University. Any changes required as a result of the review would affect the programme and costs;
  - ii. Jodrell Bank Discovery Centre – First Light Pavilion: construction works were proceeding ahead of programme;
  - iii. MECD: impacts continued to be felt across all areas of the main MECD contract. The University had taken possession of the Oddfellows Hall and the Active Travel Hub elements of the project. Opportunities to utilise

some of the spaces in MECD for semester 2 were being evaluated. The Committee discussed the feasibility of accelerating the fit out of MECD;

*Secretary's Note: an update on early fit out and usage of MECD was added to the November 2020 Finance Committee agenda to advise the Committee of opportunities that were being advanced with the associated costs and cash flow forecasts*

iv. Paterson: [REDACTED]

***Redacted – restricted information***

- b) the Campus Foresight Group was considering the post-COVID campus environment, and identifying possible changes that may be required to the estates strategy;
- c) renewed future investment in long term maintenance (LTM) would be essential, particularly with regard to ensuring the quality of the residential estate. It would be helpful for Finance Committee to be appraised of proposals for LTM in the 2020-21 budget, and over the timeframe of the University 5 year plan, in relation to the level of LTM spend that might be anticipated in a normal circumstances budget/5 year plan;
- d) Finance Committee and SLT should continue to consider contemporary strategic risks as part of the development of the 5 year plan.

## 5 Latest Forecast Position: Update to V3 of the 2020/21 Budget

**Received:** the expected (as of early October 2020) changes to the V3 budget (the version which was shared with Finance Committee in July 2020).

**Noted:**

- a) that it was anticipated that further changes would be made to budget proposals prior to 9 November 2020 Finance Committee;
- b) that Finance Committee would welcome enhanced clarity in the final budget proposal regarding upside and downside risks, qualifications and sensitivities (including cashflow sensitivities as well as the bottom line) which had informed the budget proposal, and assumptions for transition in the Plan.

## 6 Budget Planning and Borrowing Strategy Update

**Received:**

- a) an update in relation to the University's borrowing strategy;
- b) from the University's legal advisors, a formal minute extract in relation to the University's Revolving Credit Facility (RCF) application which would meet the expectations and requirements of the lenders' legal teams.

**Noted:**

- a) that modelling of headroom in re-negotiated covenants [REDACTED]

***Redacted – restricted information***

- b) that Finance Committee shared SLT's view and stressed the importance of timely implementation of the key components of the borrowing strategy.

**Agreed:** to approve the delegation of authority to commit the University to enter into the various RCF agreements (once negotiations and the legal documentation has been finalised), and the recommended formal minute extract in support of the University's RCF application (detailed as an addendum to the minutes of the 7 October 2020 Finance

Committee meeting), and to recommend approval of such delegation of authority to the Board of Governors.

## 7 University Strategic Plan

**Received:** a presentation (filed with the minutes) from the Director of Planning reviewing the status of the University's Strategic Plan in light of the COVID-19 Pandemic.

**Noted:**

- a) an overview of key strategic change projects pre-Pandemic, and an overview update on Reshaping Professional Services. It was intended that the entirety of Professional Services would be subject to review during the further development of the Strategic Plan;
- b) the Strategic Plan would continue to evolve, and SLT would complete a review of the Plan during Spring 2021. The current working hypothesis was that much of the Strategic Plan still applied;
- c) the process of updating the Strategic Plan was iterative. Work was underway to:
  - i. recalibrate existing projects to account for COVID;
  - ii. reflect the most recent financial/affordability position;
  - iii. identify new demand, run prioritisation processes and update the portfolio;
- d) it was clear that some topics (e.g. flexible working, flexible and blended teaching and assessment, admissions and timetabling) may have taken on a greater significance than previously;
- e) the resolution of size and shape proposals, and implications for financial plans, would continue to benefit from regular input from Audit and Risk Committee, Finance Committee and the Board of Governors, prior to sign off by the Board before the end of the academic year;
- f) that it would be helpful for a KPI cash-based metric to be introduced;
- g) messaging regarding the Strategic Plan was essential and could be positioned to support academic productivity;
- h) there was a significant task ahead in developing the Strategic Plan alongside ever-changing priorities caused by COVID - clear allocation of responsibilities would be required.

**Agreed:** Committee members would reflect further on the presentation and feedback comments and suggestions. It was agreed that the executive/planning team would develop the timetable for the coming months to incorporate regular updates for the Finance Committee at their scheduled 20/21 meetings and also to ensure that key projects had a level of visibility and oversight during the course of the year and ahead of presenting the overall financial plan to the Committee and any implications for the Strategic Plan to the Board.

## 8 Finance Directorate Priorities

**Noted:** the areas indicated in the agenda were noted and detailed discussion of this item was deferred to a future meeting.

## 9 USS Technical Provisions Consultation – University response

**Received:** an overview of the consultation questions, and the key themes of a proposed response.

**Noted:**

- a) that responses to the consultation must be submitted by 30 October 2020;
- b) concern from members:
  - i. that the series of consultations on the scheme had been run separately, when a holistic approach may have been more effective;

- ii. regarding the extent of opt out from the USS scheme by younger staff;
- c) that it would be helpful to consider longer-term pro-active options for the future of the scheme, as well as short-term approaches;
- d) discussions were ongoing across the Russell Group and Committee of University Chairs to establish a consensus view on the future of the USS scheme;
- e) [REDACTED]

**Redacted – restricted information**

**Agreed:** to delegate authority to sign off the University's response to the Chair of Finance Committee and the Chief Financial Officer, noting that a working group of Finance Committee may be required to shape future responses to developments around the USS funding.

#### 10 UMSS investment holdings

**Received:** the proposals made by the UMSS trustee board in order to agree and sign off the 31 July 2019 actuarial valuation.

**Noted:**

- a) the new funding arrangements included a continuation of the existing deficit recovery contributions [REDACTED] **Redacted – restricted information** a change to the future service rate to separately account for expenses and a request for a guarantee;
- b) that the proposals had been reviewed by the University's actuarial consultant who had advised that they were acceptable.

**Agreed:** on the recommendation of the Planning and Resources Committee, to recommend the approval of revised funding arrangements to the Board of Governors.

#### 11 Students Union Superannuation Scheme (SUSS)

**Received:** a paper setting out the background to SUSS, of which UMSU was a participating employer [REDACTED]

**Redacted – restricted information**

[REDACTED]  
**Redacted – restricted information**

#### 12 North West EHealth (NWEH)

**Received:** an update on NWEH.

**Noted:** that NWEH had approached the University for specific shareholder approvals which had been agreed by the Chair of Finance Committee (chair's action agreed at the previous meeting of the Committee) for:

- a) the acceptance of the NWEH Board of Directors' recommendation (detailed in the paper) with the Board of Directors to agree the terms;
- b) [REDACTED]

**Redacted – restricted information**

#### 13 Trade Debt Report July 2020

**Received:** the year end (July 2020) trade debt summary.

