

**Approved Minutes**  
**FINANCE COMMITTEE**

**27 January 2021**

**Present:** Ms Caroline Johnstone (Chair), Mr Edward Astle, 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), Mr Colin Gillespie (Chair of Audit and Risk Committee), Patrick Hackett (Registrar, Secretary and Chief Operating Officer), Mark Rollinson (Deputy Secretary), Chris Trask (Deputy Director of Finance), and John Marsh (Senior Governance Manager) (minutes).

**Apologies:** Professor Steve Jones and Mr Richard Solomons.

**1 Welcome/Thanks**

**Noted:** that the meeting was quorate with three lay members of the Committee present.

**2 Accounts Filing Issues**

**Received:** a paper summarising the issues that had delayed the finalisation of the 2020 annual financial statements, with the possibility of missing regulator, lender and statutory deadlines.

**Noted:**

- a) The following key filing dates for the University's Financial Statements:
  - i. Private Placement Loan Notes – with the holders – 180 days after the year end – 27 January 2021;
  - ii. Public Bond – with the Trustee – 180 days after the year end – 27 January 2021; and
  - iii. London Stock Exchange – six months after the year end – 31 January 2021.
- b) The events leading to the late completion of the annual audit of the 2020 annual accounts and interaction between the University and its external auditors, EY:
  - i. The Financial Statements had been scheduled for approval at the Board of Governors meeting of 24 November 2020.

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*Redacted – restricted information*

- c) The Chair of Finance Committee *Redacted – restricted information* would address the Board of Governors' meeting that had been scheduled to follow Finance Committee.
- d) The Chair reflected that the University's financial position remained unchanged as a result of these delays in filing, which was important for the Committee to recognise, but there could be some potential reputational comment, which would need to be addressed.
- e) Finance Committee's recognition of the exceptional workload and efforts of the Finance Directorate in responding to significant new and duplicate information requests from EY in order to meet the deadline of 29th January.
- f) It would be appropriate to defer any discussion as to lessons learned and actions required until after completion of the work required and signing of the financial statements.

- 3 **Going Concern Review for the Financial Statements for the year ended 31 July 2020**  
**Received:** a paper setting out the rationale for the conclusion that for the period ending 31 July 2022, there was no material uncertainty that the University was a going concern. The paper detailed the key assumptions used in scenario modelling, and the key mitigations required in order to ensure that the University did not run out of cash in extreme scenarios, and presented proposals for updated Going Concern text for the University Financial Statements which reflected modelled scenarios.

**Noted:**

- a) that the following financial forecast sensitivity analysis scenarios had been developed to model the following:
  - i. severe but plausible downside scenario out to 31 July 2022;
  - ii. as i above, but with some mitigations;

b)

*Redacted – restricted information*

- e) the key mitigating actions that were required comprised:

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*Redacted – restricted information*

h) that further to previous Finance Committee discussions, the University's internal cash target was now aligned to that of the OfS – 30 days' operating expenditure;

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- i. [Redacted]
- ii. [Redacted]
- iii. [Redacted]; **Redacted – restricted information**
- iv. dialogue was ongoing regarding the future of the USS pension contribution schedule. It was anticipated that any changes to the schedule would commence beyond July 2022;
- j) [Redacted]

**Agreed:**

- a) having noted and reviewed the principal assumptions and changes that had been made to the forecast, and having also reviewed the key mitigating actions that the University might take [Redacted] **Redacted – restricted information** to approve the paper, and in particular:
  - i. to agree that these key mitigations were within the control of the University, could be effected to improve its cash position, and to approve their implementation as and when required;
  - ii. that, noting the advice provided by the Finance Directorate, to agree that the latest forecast (December 2020) was an appropriate basis for the going concern review;
  - iii. the proposed Going Concern text for the financial statements;
- b) noting that the University had a commitment from banks that the RCF would be in place on 29 January 2021, [Redacted]  
[Redacted]  
**Redacted – restricted information** to recommend to the Board of Governors that it approves the proposal that it is appropriate for the University's financial statements to be prepared on a going concern basis;
- c) that if further papers were necessary for Finance Committee approval, to transact business outside of committee meetings, either via circulation or Chair's Action.

**4 External Reporting of 5 Year Plan**

**Received:** a paper outlining Finance and Capital Planning Sub-Committee's (FCPSC) recommended and revised 5 Year Plan in light of feedback from 20 January 2021 Finance Committee which had suggested the University's Executive review their proposals prior to finalising a final 5 Year Plan for submission to the OfS and sharing with credit agency, Moody's.

**Noted:**

- a) The Committee had reviewed a “do nothing” 5 Year Plan at their meeting on 20 January 2021 – it had been recognised that this was a starting point for significant work around the strategic review ongoing and was considered an absolute worst case scenario – the Committee had debated with the University Executive as to whether this was appropriate to share with external parties, albeit that any 5 Year Plan should have a basis in reasonable underlying assumptions, capable of being

[REDACTED]

*Redacted – restricted information*

**Agreed:**

- a) Noting the proposed changes to the 5 Year Plan, to request FCPSC to take a further, final review of the Plan prior to its recommending the 5 Year Plan for submission to the OFS and sharing with Moody's.
- b) Subject to any further changes suggested by FCPSC, Finance Committee would be asked to review and recommend a final proposed 5 Year Plan to the Board of Governors, [REDACTED]
- Redacted – restricted information*
- c) That in future years, it would be appropriate for both the Finance Committee and the Board of Governors to give formal approval of the 5 Year Plan submission to the OfS, prior to the 1 February submission date.

**Secretary's Note:**

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