

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

**20 January 2021**

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

**In attendance for all items:** 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), Chris Trask (Deputy Director of Finance), and John Marsh (Senior Governance Manager) (minutes).

**In attendance for items 4 and 5:** Diana Hampson (Director of Estates and Facilities)

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

**Noted:**

- a) That there were no declarations of interest in relation to the agenda.
- b) That the joint meeting of Audit and Risk Committee and Finance Committee which had been scheduled to precede Finance Committee's meeting in order to consider, comment and forward to the Board of Governors, the University's 2019-20 Financial Statements, had been cancelled due to the delay in receipt from EY of the University's external auditor's report and going concern opinion.
- c) Finance Committee members believed that it would be helpful at a later date to have a full review of and lessons learnt from the unfortunate situation that had arisen with the delay in EY completing their work, which the University believed was in no way the responsibility of the University's Finance Directorate.
- d) The joint meeting of Audit and Risk Committee and Finance Committee would be re-scheduled to 27 January 2021. A meeting of the Board of Governors would also take place that day to ensure that the University's financial statements were signed off prior to 27 January 2021 to meet the filing dates for the Private Placement Loan Notes, and the Public Bond.
- e)

**Redacted – restricted information**

**2 Minutes of the previous meeting: 9 November 2020**

**Agreed:** To approve the minutes of 9 November 2020 Finance Committee, subject to the addition to minute 13 of an acknowledgement of a LTM backlog **Redacted – restricted information**

**3 Matters Arising/Action Log**

**Noted:**

- a) That the Estates Masterplan and Estates Strategy were now anticipated to be presented to Finance Committee and the Board of Governors later in the calendar year after the strategic review was completed.
- b) The Chair of Finance Committee had shared her initial thoughts on the Committee's terms of reference and a potential forward annual plan of business with the Governance Office and the Registrar, Secretary and Chief Operating Officer, who would develop proposals for consultation with the Committee ahead of the April 2021 Committee meeting.



- c) Dialogue between the Chair of the Board of Governors, Chair of Finance Committee, the President and Vice-Chancellor, and the Registrar, Secretary and Chief Operating Officer, would inform SLT discussions regarding the identification and scheduling of strategic planning topics for the remaining Finance Committee meetings in the academic year. It was acknowledged that additional meetings may be required to facilitate input from the Committee to strategic planning.

#### 4 Capital Planning Report

**Received:** the January 2021 Capital Planning Report.

**Noted:**

- a) An update on the appointment of contractors for the hook up of equipment and fit out of the level 2 development floor in the Royce Institute.
- b) Chemistry LTM and vent works:
- i. December 2020 FCPSC had considered proposals for an alternative project sequence and cashflow to bring forward works on the LTM project while the outcome of the external safety and security review was being evaluated. A specialist appointment was being sought to evaluate the outcomes of this review, and assist in reaching a final decision on the next steps for the [REDACTED] **Redacted – restricted information**
  - ii. risks to Chemistry activity [REDACTED] **Redacted – restricted information** had been noted;
  - iii. in response to members' queries regarding whether the [REDACTED] **Redacted – restricted information** should be included on the University's risk register, the Committee was advised that the project was being monitored by the University Health, Safety and Wellbeing Committee, and a final decision to proceed would only be made once sufficient assurance had been received regarding health and safety risks. Advice from the NNL review was key in the identification of such risks;
  - iv. the [REDACTED] **Redacted – restricted information** was an element of a wider national discussion regarding [REDACTED] **Redacted – restricted information** The University was currently the largest UK university in respect [REDACTED] **Redacted – restricted information**, and its activity could align with an anticipated UK Government commitment to [REDACTED] **Redacted – restricted information**
- c) Key dates for the completion of MECD. The site would 'go live' fully in September 2022, with the main moves commencing in July 2021. It was hoped that the site building would be used for teaching purposes from September 2021. An amended 'prevention' clause in the contractor's contract provided the University with more protection than otherwise would have been the case with regard to costs, but the University was obligated to provide time relief. However, significant claims are not expected.
- d) Noting the flexibility that MECD would provide in terms of facilitating flexible working at the University, Finance Committee considered the scope for new ways of working in the post-COVID environment. Members were advised that the Foresight Group was considering future options for the University real estate, and that the repurposing of the whole estate to ensure that it was fit for purpose would be at a significant cost.
- e) The April 2021 Finance Committee meeting would receive a report on the outcome of the tender process for the Pankhurst Project. **Action: Director of Estates and Facilities.**
- f) The legal case in relation to University Place remained ongoing.
- g) That it would be helpful for Finance Committee to consider the Capital Projects Tracker on a regular basis, and specifically at a future meeting, the Chemistry LTM and vent works, and student residences.

#### 5 Commercial Property Rental Income Debt

**Received:** a paper outlining the current position regarding commercial rent debt arising from the COVID-19 Pandemic.



**Noted:**

- a) That there were no significant risks at present.
- b) That while FCPSC was responsible for decisions on deferral and write off, lay members of Finance Committee believed that it would be helpful for a threshold to be established at which decisions were reserved to Finance Committee.
- c) Revised proposals for delegation of authority were under development, and it was anticipated that these would be presented for approval prior to the end of the current academic year. The forthcoming Governance Effectiveness Review was also likely to inform the review of delegations.
- d) That it was good financial practice to receive the report for information.

**6 Five Year Plan, and Approval of the OfS Return**

**Received:** on the recommendation of Finance and Capital Planning Sub-Committee (FCPSC), the proposed 5 Year Plan and OfS workbook, for review and recommendation onwards for approval by the Board of Governors, prior to submission to the OfS.

**Noted:**

- a) That the 2020/21 forecast and 5 Year Plan would form the submission to the OfS, Moodys and banks.
- b) Final submission of the 5 Year Plan to the OfS was on or before 1 March 2021. The initial deadline for submission of the workbook to the OfS was 1 February 2021. The underlying starting position of the October 2020 forecast had already been shared with the OfS.
- c) That the proposed 5 Year Plan represented a 'do nothing' scenario; was a starting point for significant work around the strategic review ongoing and was considered an absolute worst case scenario.

- d) [Redacted]
  - e) [Redacted]
    - i. [Redacted]
    - ii. [Redacted]
    - iii. [Redacted]
    - iv. [Redacted]
    - v. [Redacted]
    - vi. [Redacted]
    - vii. [Redacted]
    - viii. [Redacted]
    - ix. [Redacted]
    - x. [Redacted]
- Redacted – restricted information*

**Agreed:** noting the comments made in discussion by members, and their reluctance to approve the 5 Year Plan forecast in its current form, to encourage FCPSC to further review the proposed 5 Year Plan and OfS Submission and represent to Finance Committee for further consideration.

**7 Borrowing Update**

**Received:** an update on securing the RCF and CCFF drawdown.

**Noted:**

- a) That the CCFF closed at the end of March 2021 for drawdown. The University would not require CCFF drawdown, however, if the RCF was in place.
- b) 95% of note holders had agreed to changes proposed during the re-negotiation of covenants. The final 5% was currently held by a dormant company and activity was underway to resolve this satisfactorily, it was noted as a technical issue to resolve.
- c) [Redacted] **Redacted**  
– *restricted information*

**Agreed:** to approve:

- a) The RCF club arrangement, noting that the Board meeting on 20 January 2021 would be asked to confirm the extension of delegation of power to enter into the proposed loan arrangements until 28 February 2021.
- b) Chair's action for the final quantum of any drawdown from the CCFF.

**8 Amendment to Interim Financial Procedures – Travel**

**Received:** a paper notifying Finance Committee of an amendment to the interim Finance Procedure for Travel, which would re-open the Key Travel on-line booking tool to allow a more efficient booking process whilst maintaining controls over spend, including the retention of SLT pre-approval.

**Noted:** that the Registrar, Secretary and Chief Operating Officer had approved the proposal in November 2020. A question was raised and it was noted that this would improve controls over this expenditure.

**Agreed:** to approve the update to the Interim Travel Procedure.

**9 Management Accounts and Forecast**

**Received:** the November 2020 Management Accounts and latest forecast for 2020/21.

**Noted:**

- a) [Redacted]
- b) [Redacted] **Redacted**  
– *restricted information*
- c) In discussion, the following:
  - i. Schools had been requested to rationalise headcount data;
  - ii. the summary of data for Commercial Services was very helpful;
  - iii. staff costs would be influenced by the anticipated UCEA proposal of no pay award for 2021, and possibly by USS negotiations as well.
- d) The following COVID-19 related factors influencing the accounts and forecast:
  - i. 40% of halls of residences were currently occupied, and a further 11% of residences were expected to be occupied by the end of January 2021;[Redacted] **Redacted – restricted information**
- e) Lay members expressed concern at both the significant changes in forecasts and budgets in relatively short periods and suggested that a clear expectation be placed on Professional



Services, and on Deans of Faculty to ensure the accuracy of their units' forecasting to the Finance Directorate.

- f) In response to a query regarding the frequency of forecasting, Finance Committee was advised that the Finance Directorate update the forecast on a monthly basis to take account of known major movements. The process of forecasting would be reviewed by the Finance Directorate.

## 10 Strategic Funds and Merged Endowments Overview

**Received:** an overview of the strategic funds and merged endowments, including an overview of unallocated funds as of December 2020.

**Noted:** the overview of the strategic funds and merged endowments, and in particular, the January 2021 update on the Strategic Change Sub-Committee fund.

## 11 Debtor Summary: October 2020

**Received:** a paper outlining the debtor summary as of the end of October 2020, highlighting the ageing of debtor by type, i.e. Research, commercial and student debt and where debt is provided for as it is either considered at risk or is over 365 days and is provided for as per the University policy.

**Noted:** that management of debtors was strong and no major issues emerging and it was good practice for Finance Committee to receive a debt summary on a regular basis.

## 12 Updates in respect of Northern Gritstone, Manchester Graphene Company and UMIP Premier Fund

**Received:**


- a) A paper providing high level summary updates on: Northern Gritstone, Manchester Graphene Company (MGC) and UMIP Premier Fund.
- b) A detailed paper on Northern Gritstone which addressed points identified for clarification by Finance Committee at its November 2020 meeting.

**Noted:**

- a) Northern Gritstone, the following:
  - i. updates on the due diligence conducted by DLABS, and the Finance Directorate; further assurance regarding the rationale for setting the University's non-dilutable shareholding [REDACTED] **Redacted – restricted information** and the Investment Vehicle's reserved matters and prohibited persons provisions;
  - ii. [REDACTED]  
**Redacted – restricted information**
  - iii. lay members believed that it was essential that the University retained the right to appoint the chair and CEO, and the external and internal auditors of Northern Gritstone.


**Agreed:** noting members' concern regarding the importance of improving the governance of non-core University activities, but also members' recognition of the potential opportunities presented by the project, to approve that the University can enter into the Framework Agreement and the associated company Articles subject to satisfactory resolution of the points highlighted in the paper via assurances provided to the Chair of Finance Committee. **Action: Deputy President and Deputy Vice-Chancellor**

- b) MGC, the following:

- i. the current status of the following workstreams: company set up and legals, tax due diligence, fund progress, fund structure, investment fund manager and due diligence;
- ii.   
*Redacted – restricted information*
- iii. lay members emphasised the broader importance of clarifying aspects of the governance of satellite entities and subsidiaries, particularly regarding reserved matters.

**Agreed:** that formal approval of the funding partner for MGC, and details of reserved matters should be presented to Finance Committee for final approval. **Action: Deputy President and Deputy Vice-Chancellor**

**c) UMIP Premier Fund, the following:**

- i. that the Fund went into liquidation at the end of November 2020 as the extension proposal had not been signed by all the Limited Partners. Very limited notice had been provided by  *Redacted – restricted information* (the Fund Manager) in relation to this action. Details of the liquidation plan were scheduled to be released in early 2021;
- ii. there were no liabilities for the University arising from the liquidation. Any returns in relation to its shareholdings would be determined via the liquidation process.

**d) Subsidiaries and Satellite Entities, the following:**

**Agreed:** to schedule a standing item on subsidiaries and satellite entities for Finance Committee meetings – to be part of the annual committee plan to be developed. **Action: Senior Governance Manager**

**13 North West E Health update**

**Received:** an update on North West E Health (NWEH), which included an extract from its 2021 Business Plan.

**Noted:**

  
*Redacted – restricted information*