



FINANCE COMMITTEE

8 November 2023

Present: Ms Caroline Johnstone (Chair), Mr David Buckley, Mr Guy Grainger, Dr Reinmar Hager, Ms Hannah Mortimer and Professor Dame Nancy Rothwell.

In attendance for all items: Matt Atkin (Director of Planning), Louise Bissell (Deputy Director of Finance), Professor Luke Georghiou (Deputy President and Deputy Vice-Chancellor), Patrick Hackett (Registrar, Secretary and Chief Operating Officer), Carol Prokopyszyn (Chief Financial Officer), and Kate Brown (Governance Manager) (minutes).

In attendance for items 1-8: Steve Jordan (Deputy Director of Estates and Facilities)

In attendance for items 6-8: Diana Hampson (Director of Estates and Facilities)

Apologies: Ms Philippa Hird

1 Welcome and Declarations of Interest

Noted:

- a) Welcome to Guy Grainger, new member of the Committee.
- b) There were no declarations of interest in relation to the agenda.

2 Committee Business:

2.1 Minutes of the previous meeting: 25 September 2023

Received and Noted: the minutes of the 25 September 2023 meeting.

Approved: the minutes of the 25 September 2023 meeting.

2.2 Matters Arising

Received: the Matters Arising/Action Log.

Noted:

- a) Action 5: The UMIF Chief Executive was now back in post and the action on developing a policy on sale of shares in spin-out companies would be taken forward. The UMIF Board had considered the potential to sell all shares in spin-out companies. A proposal would be submitted to a future meeting.
- b) Action 12: It was noted that 'Science Park' was no longer the common term for such activities with 'Innovation Centres' becoming more used. Therefore, there needed to be clarity on which centres would be used for benchmarking.

Action: To review which centres to be used as the benchmark for Manchester Science Park. **Deputy President & Deputy Vice-Chancellor.**

3 September 2023 Management Accounts

Received: an overview of the September 2023 management accounts.

Noted:

- a) Whilst it was at an early point in the financial year, the University was ahead of budget and in line with the position at the same point in 2022.
- b) The reduction on non-pay spend was attributed to the point in the year and was expected to increase as the year progressed.

4 Year End (July 2023) Financial Statements

Received: Draft Financial Statements for the year ended 31 July 2023 including:

- Summary of key points
- Draft Financial Statements document
- Going Concern Review

Noted:

- a) The Committee had considered the end of year accounts in depth at its 25 September 2023 meeting.
- b) It was suggested that it would be helpful to outline how the adjusted surplus amount was calculated.
- c) The change in the depreciation rate was primarily due to MECD and some of the buildings linked to the residences programme which have accelerated depreciation.
- d) There was discussion about the amount of detail within the Going Concern disclosures within the Financial Statements document and it was suggested that it was extensive in comparison to other universities. The Finance Team undertook to review the details provided.
- e) Detail on potential mitigations was not provided within the Going Concern report and it was suggested that it might be helpful for Finance Committee to understand what these might involve.
- f) The key risk on bank reconciliation would be addressed with consideration given to how this was presented. An internal audit review on treasury management was due to be conducted this academic year to address any other concerns in this area.
- g) The Committee supported the team in the decision not to implement adjustments to the unadjusted errors.
- h) The need for clarity in the communications on the publication of the Financial Statements to ensure that it was understood that, whilst the University was in a healthy financial position, there is a considerable shortfall in forecast surplus which the University can reasonably generate (in a context of an unsustainable but unlikely to change funding regime and annual cost increases) against the funding required to deliver the University's strategy for the future and to complete required work on zero carbon and maintain the wider estate.

Agreed: to report to the Audit and Risk Committee that the Committee had completed its work in reviewing the Financial Statements in line with their terms of reference.

Action:

- (i) To review the level of detail provided within the Going Concern disclosures within the Financial Statements document. **CFO/ Deputy Director of Finance**
- (ii) To provide a statement to the Committee on how the adjusted surplus was calculated. **CFO/ Deputy Director of Finance**
- (iii) To provide a statement to the Committee on potential mitigations. **CFO/ Deputy Director of Finance**

5 CFO Report

Received: an update from the CFO on Moody's Credit Opinion and the work on Total Return for Endowments.

Noted: Member's comments focused on:

- a) Whether Moody's were aware of the plans for the residences programme and it was confirmed that they were and that it would not affect the opinion at this time.
- b) That there was an appropriate policy in place to ensure that funds from the endowments were spent in an appropriate and timely manner. It was reported that a regular report would be presented to the Committee and spending from the endowments would be tracked.

6 10 Year Long Term Maintenance Plan

Received: the 10 Year Long Term Maintenance (LTM) Plan.

Noted:

- a) The level of Long Term Maintenance (LTM) work required across the estate was acknowledged. LTM spend had been paused during the pandemic and had not yet returned to the previous level. This would require significant funding and priorities would need to be identified.

[REDACTED]

- d) It was hoped to deliver Zero Carbon work alongside the maintenance work wherever possible but this posed a significant funding challenge. The disruption and costs incurred by decanting spaces would also need to be considered.
- e) Member's comments focused on:
 - i) The huge effort of the estates team involved in undertaking a bottom-up review of the whole estate to develop this "as is" long term maintenance needs assessment. It was a fundamental first step in developing a long-term estates strategy.

[REDACTED]

- iv) The Senior Leadership Team would need to consider the level of works possible within the funding available.
- v) That any business cases for transformation projects going forward should include consideration of any reduction in maintenance or energy costs that would be achieved from the work.

Approved: the principle of funding the non-residential LTM plan.

Action:

- (i) To develop a summary of current LTM plan and all other buildings or projects not currently covered by the LTM. **Director of Estates and Facilities.**

- (ii) To ensure all future LTM projects to assess opportunity for carbon zero and strategic progress and no regret spend. **Director of Estates and Facilities.**

7 Estates Strategy – discussion

Received: an initial discussion on the future Estates Strategy.

Noted:

- a) The many competing demands on the limited funding available including LTM requirements, Zero Carbon projects and transformational projects across the estate.
- b) That current usage of the estate needed to be assessed and consideration given to potential different requirements and ways of interacting with buildings that might be developed in the future through technological and pedagogical developments.
- c) The types of spaces required varies across disciplines and the need to ensure that consideration was given to the requirements of all areas of staff and students across the University.
- d) There would also need to be a change in the culture to encourage different usage patterns across the estate and to support different ways of working.
- e) Members were supportive of the need for a utilisation review to provide a baseline of data on use of the estate from which to build the strategy.

Action:

- (i) To take forward the following areas for further debate:
 - The urgent need to assess the use of the current estate, including potential utilisation tools to support this.
 - How to ensure that the estate reflects future pedagogy as well as the future needs of both students and staff.
 - A list of potential 'no regrets' projects that could be implemented whilst the wider debate on the overall strategy continues.
 - How to involve the student perspective, particularly across disciplines, within this debate.
 - An overall plan as to how review of the estates strategy would evolve and how the board would be involved in this ongoing process.
- (ii) To consider a separate session to have a fuller discussion on the future Estates Strategy at an appropriate point. **RSCOO/ Director of Estates and Facilities**

8 Capital Programme Report

Received and Noted: the quarterly update on the capital programme showing progress on projects within the Finance Committee purview. The successful completion of the Dalton Ellis and Oak House refurbishments over the summer period was noted.

8.1 Zochonis LTM/ZCM works Business Case

Received and Noted: the business case for the LTM and zero carbon works to be undertaken in Zochonis building.

Agreed: to recommend to the Board approval of the business case for the LTM and zero carbon works to be undertaken in Zochonis building.

8.2 George Kenyon Recladding Project Business Case

Received: the business case for the recladding work needed on the George Kenyon building.

Noted:

Approved: the business case for the recladding work needed on the George Kenyon building.

9 Corporate Power Purchase Agreement – Due Diligence in Respect of New Proposed Investor

Received and Noted: the report on the due diligence undertaken on the cPPA supplier Medebridge Solar Limited following their acquisition by Enviromena Developments Limited.

Agreed: that the negotiations with Enviromena Developments Limited and Medebridge Solar Limited re the provision of a corporate Power Purchase agreement can proceed.

10 Strategic Change Projects

Received: an update on the development of a plan to improve the management of major projects.

Noted:

- a) The plan, which remains subject to further consultation and internal approval, will streamline the approval processes. improve reporting, strengthen delivery assurance and portfolio management and create more opportunity for continuous improvement alongside major change.
- b) The team acknowledged that a small number of project plans need review given the FTP decision and consideration needs to be given to the status of projects that had been placed on pause in response to the cyber incident.
- c) The Committee reflected further on the need for a more fundamental review of the wider Strategic Change programme and leadership approach, noted in paragraph 10 above.

10.1 Humanities Size and Shape Full Business Case

Received: the Full Business Case of the Humanities Size and Shape project.

Noted:

- i) The project was to support a significant expansion of HUM and delivering an additional [REDACTED] per annum to the University surplus by 2025/26 (against a baseline of 2021/22).
- ii) This is an example of how the University was redeploying Professional Services spaces to deliver additional teaching and learning space.
- iii) The Committee looked forward to seeing the additional surplus coming through the HUM results in 2022/23 and beyond.

Agreed: to recommend to the Board approval of the Full Business Case of the Humanities Size and Shape project.

Action: To ensure that the additional surplus was highlighted in the HUM results in 2022/23 and beyond. **CFO/Deputy Director of Finance.**

10.2 FTP Update

Received: an update on the Finance Transformation Programme.

Noted:

- a) Members supported the decision taken to discontinue the project, recognising that this is a significant decision, [REDACTED]
- b) A new Finance system would still be required, including in the first instance a technical upgrade, and the difficulty that the complexity of the University's Finance processes and IT estate posed for any implementation.
- c) There was discussion about how the University would take forward any lessons learned from the project, particularly on the wider Strategic Change programme and leadership approach.

11 Credit Control Policy & Recovery of Student Debt Policy

Received and Noted: the updated and revised Credit Control Policy and the Recovery of Student Debt Policy.

Approved: the updated and revised Credit Control Policy and the Recovery of Student Debt Policy.

Action: To further consider how to protect the University's reputation when pursuing students for outstanding debt. **Deputy Director of Finance.**

12 OfS Annual Return

Received and Noted: the draft submission of the OfS Annual Return.

Agreed: to recommend to the Board approval of the draft submission of the OfS Annual Return.

13 Dates of Meetings in 2023/24

- Monday 5 February 2024, 1.30pm
- Tuesday 23 April 2024, 2pm
- Wednesday 3 July 2024, 10.30am

Action: to hold all future meetings in person unless specific circumstances require an online meeting. **Governance Office.**