

APPROVED Minutes



FINANCE COMMITTEE

19 July 2024

Present: Ms Caroline Johnstone (Chair), Mr David Buckley, Mr Guy Grainger, Ms Philippa Hird, Dr Reinmar Hager and Ms Hannah Mortimer.

In attendance for all items: Matt Atkin (Director of Planning), Lexi Baynes (incoming SU Union Affairs Officer for 2024/25), Louise Bissell (Director of Financial Services), Professor Luke Georghiou (Deputy President and Deputy Vice-Chancellor), Patrick Hackett (Registrar, Secretary and Chief Operating Officer), Diana Hampson (Director of Estates and Facilities), Professor Duncan Ivison (incoming President and Vice-Chancellor), Carol Prokopyszyn (Chief Financial Officer), George Whalley (Deputy CFO) and Kate Brown (Governance Manager) (minutes).

In attendance from QPMF and SFG: Martin Hadland (SFG) and Peter Lyons (QMPF)

Apologies: Professor Dame Nancy Rothwell

1 Welcome and Declarations of Interest

Noted:

- No interests were declared in relation to the agenda.

2 Residences Redevelopment Programme Business Case

Received: the Residences Redevelopment Programme Business Case. The discussion focused on the key risks and the University's advisors (QMPF and SFG) attended to provide their perspective.

Noted:

- a) The overriding focus of the meeting was on the diligence around the preferred bidder and the key risks of the project. Much of the business case, funding and equity stake can be further negotiated in the coming months. It was also recognised (and emphasised by the incoming President and Vice-Chancellor) that the project and risks associated need always to be considered in the wider context.
- b) The key risks included:
 - i. [REDACTED]
 - ii. Inflation on construction, whilst current signs were positive, may be an issue given the longevity of the project.
 - iii. Similarly, contractor default was also a concern for the length of the project. A contractor default during the construction phase would lead to

delays in the project and increased costs particularly in seeking a new contractor. Default bonds were being considered, cost of these will depend on the market.

[REDACTED]

- v. The project risks needed to be considered also within the context of the whole risk scenarios for the University for the next five years.

[REDACTED]

- vii. It was noted that the capital receipt could change as a result of the funding competition and changes in the markets more generally. This would be reflected in the final business case that will be presented to Finance Committee and the Board prior to Financial Close.

- c) As well as the focus on the diligence around the preferred bidder, members raised the following points during the discussion:

- i) Whether having the equity stake would help with the funding. It was considered that, whilst it would provide funders with confidence in the University's commitment to the project, it was unlikely to majorly impact the funding. The seat at the Board and ongoing say in the development that the equity stake would provide would be the most valuable benefit of the stake for the University and it provided credibility for the scheme.

[REDACTED]

- iii) The interdependency of the risks was noted and a combined sensitivity analysis was requested to consider the annual financial impact of several sensitivities occurring at the same time (occupancy, inflation, etc).

[REDACTED]

[REDACTED]

It was noted that the Students' Union had been represented on the project team throughout the procurement process and had helped shape an accommodation discount scheme for students who may not be able to afford university accommodation. The University would continue to work with Students' Union representatives as the project progressed to ensure the best possible student experience outcome. This project also needs to be considered alongside the whole student accommodation provision of the University. Rents were planned to be comparable for the market in Manchester and at a reasonable level given the high-quality accommodation offer alongside the 'Reslife' support that the University provides across all its accommodation.

- vii) It was noted that the position on the board that the equity stake would provide would allow the University to have influence on issues and be involved in decision-making throughout the life of this deal.

Agreed: to recommend to the Board:

1. Approval of the Full Business Case, noting that this will be updated for Financial Close.
2. Re-endorsement of the DBFO Approach, funded through an income strip.
3. Approval of the Recommended Preferred Bidder: Viridis Consortium.

[REDACTED]

3 Dates of Next Meetings

Provisional additional meeting dates to be held until confirmed:

- Wednesday 14 August 2024, 2pm (online)

2024/25 meeting dates

- Wednesday 25 September 2024
- Wednesday 6 November 2024 (followed by joint meeting with Audit & Risk Committee)
- Wednesday 5 February 2025
- Wednesday 30 April 2025
- Wednesday 2 July 2025