

**APPROVED** Minutes



## **FINANCE COMMITTEE**

**6 November 2024**

**Present:** Mr David Buckley (Chair), Ms Lexie Baynes, Mr Guy Grainger, Dr Reinmar Hager, Ms Philippa Hird and Professor Duncan Ivison.

**In attendance for all items:** Matt Atkin (Director of Planning), Louise Bissell (Director of Financial Services), Patrick Hackett (Registrar, Secretary and Chief Operating Officer), Steve Jordan (Interim Chief Property Officer) Carol Prokopyszyn (Chief Financial Officer), George Whalley (Deputy CFO) and Kate Brown (Governance Manager) (minutes).

**In attendance for Item 3:** Kate Cambden (Director of Development and Alumni Relations) and Professor Martin Schroder (Vice-President and Dean of the Faculty of Science and Engineering)

**Apologies:** Professor Luke Georghiou (Deputy President and Deputy Vice-Chancellor)

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

**Noted:** No interests were declared in relation to the agenda.

### **2 Committee Business:**

#### **2.1 Minutes of the previous meeting: 25 September 2024**

**Received:** the minutes of its 25 September 2024 meeting.

**Noted:** As the meeting had been inquorate, the Committee was asked to endorse the decisions taken.

**Agreed:**

- i) to approve the minutes of its 25 September 2024 meeting.
- ii) to endorse the decisions taken.

#### **2.2 Matters Arising**

**Received and Noted:** the Matters Arising/Action Log.

## 2.3 Chair's Action: RCF

**Received and Noted:** a report on the Chair's action taken to recommend to the Board of Governors to appoint HSBC as the preferred RCF lender, subject to finalising the RCF agreement.

**Agreed:** to endorse the Chair's approval of the preferred RCF lender which was submitted to the Board on 10 October 2024.

## 3 Workshop: Strategy Review: Funding a world-class university of the future

**Noted:** there was discussion of the issues around funding a world-class university of the future focusing on potential new funding streams and opportunities. Suggestions raised by the Committee included:

- i) Encouraging growth through developing online provision, both in-house and in partnership with other providers.
- ii) Focusing on our strengths with greater selectivity to enable excellence in those areas. Considering right sizing the University's structures to provide room for growth in the appropriate areas.
- iii) Ensuring that the University has the capability required to deliver and maintain excellence in all aspects of the University's activities.
- iv) The important role that the location of Manchester plays in the University's opportunities, particular for innovation and partnerships.
- v) Considering the type of graduates we want by 2035 and the kinds of programmes and support they may need, with a particular focus on widening participation.
- vi) The opportunity to scale up the University's philanthropy through more business engagement and engagement with alumni and maximising the opportunities provided by endowments.
- vii) Reviewing the estate, identifying areas which are currently underused and considering whether there was potential to use these areas to house growth or used for commercial activities or if disposal is the preferred option.

## 4 Year End (31 July 2024) Financial Statements

### Received:

- Summary of key points
- Draft Financial Statements for the year ended 31 July 2024
- Going Concern Review

### Noted:

- a) That the Committee had considered the end of year management accounts in depth at its 25 September 2024 meeting.
- b) That income increased by 1.5%, however costs increased by 6.9%.
- c) The University's total adjusted operating surplus for the year (excluding changes to the USS deficit recovery plan) is £41.6m, 3% of total income, a reduction of £65.2m on 2022/2023.
- d) There was some discussion about the cost increase noting that this was affected by a staffing increase as well as by inflation, particularly within estates contracts.

**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. The Committee considered and agreed with the rationale that the University is a going concern.

## 5 CFO Update Report

**Received:** an update from the CFO on the following:

- RCF update (draft in the reading room)
- Future Foundations project high level introduction
- Budget implications for HE

**Noted:**

- a) The RCF was on track to be signed.
- b) Some good news from the Budget was noted in the increase and ringfencing of funding for research and development. This will provide some stability in funding from the research councils for the next 12 months. The funding for the accelerator zones was also an important area for the University. However, the changes in Employer NI will be additional annual cost.
- c) There was some discussion about the Future Foundations project. Members were supportive of the project but cautioned that the implementation would need to be managed carefully with strong leadership to provide the required culture change. Whilst streamlining processes was important, it will need to be recognised that some exceptions will always be required in a complex institution such as the University.

## 6 Capital Programme Report

**Received:** an update on capital programme projects under its purview.

**Noted:**

- a) The George Kenyon project had reached gateway 2 of the Building Safety Act, however it had taken 22 weeks rather than the expected eight. This justified the decision taken earlier in the year to defer this project.
- b) The Rutherford Building mercury decontamination and removal had taken longer than expected. However, there was no impact on the occupation date for Geography.

## 7 Update on Residences Programme

**Received:** an update on the current progress of the Residences Redevelopment Programme.

**Noted:**

[REDACTED]

- d) It was currently expected that financial close would be delayed to Autumn 2025.

## **8 Policy on Sale of Shares in Spin-outs**

**Received:** the Policy on Sale of Shares in Spin-outs.

**Noted:**

- a) Following discussion of an earlier draft of the policy at a previous meeting, there had been discussions with the UMIF board.

[REDACTED]

- c) There would be further consideration of the funding of spin-outs as part of the strategy review process.

**Agreed:** to approve the Policy on Sale of Shares in Spin-outs.

## **9 Financial Regulations and Procedures**

**Received:** the following Financial Regulations and Procedures documents:

- The significantly revised Financial Procedures
- The updated version of the Financial Regulations
- The Satellite Entities framework
- The updated Financial Thresholds and Approvals Matrix
- The updated Procurement Policy
- The revised Contracts Governance Policy

**Noted:**

- a) Financial Procedures had been streamlined and clarified as appropriate. They would be reviewed after 12 months of operation and then would move to a two year review cycle.
- b) There was a query about the review period for Personal Service Companies (paragraphs 8.2.1 – 8.2. 6). It was noted that the regulations on this were changing and it would be kept under review.
- c) There was a query about the approval of bonuses for staff employed by Satellite Entities. It was noted that it would be for the Director of People and Organisational Development to bring a proposal to Remuneration Committee on this issue and then be reflected in the Framework.

**Agreed:** to approve the revised Financial Regulations and Procedures documents.

## **10 OfS Annual Financial Return**

**Received:** the draft submission of the OfS Annual Financial Return including the narrative annex.

**Noted:**

- a) Work was ongoing to complete the return by the deadline date. Delegated authority would be requested from the Board to the President and Vice-Chancellor to approve the return for submission to the OfS. Any material changes following this meeting would be reported to the next meeting of Finance Committee.
- b) It was noted that the recently announced rise in tuition fees would not be reflected in the Return but would be considered internally and would be included in the development of the 2025/26 budget.

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

## 11 Summary TRAC Benchmarking Report

**Received:** an overview of the key trends, themes and actions arising from the TRAC data and analysis.

**Noted:**

- c) There was discussion about how the TRAC data can be used to guide decision making, it was noted that at a university or sector wide level it can provide helpful insights.

## 12 Request to Grant Power of Attorney: Portuguese Payroll

**Received and Noted:** request to grant a Power of Attorney to the Portuguese company, AIPT Center, Unipessoal Lda, to register the University as a foreign employer in Portugal and to operate a shadow payroll on its behalf.

**Agreed:** to recommend approval to the Board of the request to grant a Power of Attorney to the Portuguese company, AIPT Center, Unipessoal Lda.

## 13 Request to Grant Power of Attorney: Indian Corporate Tax and Goods and Services Tax forms

**Received and Noted:** request to grant a Power of Attorney to named individuals who are employees of the University to sign The University of Manchester's Indian corporate tax and Goods and Services (GST) tax returns and other related tax forms

**Agreed:** to recommend approval to the Board of the request to grant a Power of Attorney to named individuals who are employees of the University to sign The University of Manchester's Indian corporate tax and Goods and Services (GST) tax returns and other related tax forms

## 14 Embedding social value in high value contracts

**Received:** a proposal to embed social value in high value contracts.

**Noted:**

- a) That any project budgeted, initially, at a value of £10m or more, will include social value at the supplier selection, project implementation and evaluation stages.
- b) This will be monitored and accounted for using the Social Value Portal (SVP) system to report and measure progress as part of the contract/project delivery.
- c) This proposal addresses an action in the University's Social Responsibility and Civic Engagement Plan, which commits us to formally include consideration of social value within high value projects.

**Agreed:** to approve that any project budgeted, initially, at a value of £10m or more, include social value at the supplier selection, project implementation and evaluation stages.

## **15 Dates of Next Meetings and Forward Agenda**

**Received and Noted:** the Forward Agenda and the dates of the next meetings:

- Wednesday 5 February 2025
- Wednesday 30 April 2025
- Wednesday 2 July 2025

**Action:** to add an item to the agenda for the next meeting from the SU Union Affairs Officer on student finances. **Governance Office.**