

APPROVED Minutes



## FINANCE COMMITTEE

30 April 2025

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

**Present from Item 6:** Ms Philippa Hird

**In attendance for all items:** Matt Atkin (Director of Planning), Patrick Hackett (Registrar, Secretary and Chief Operating Officer), Carol Prokopyszyn (Chief Financial Officer), Neil Stubbs (Interim Director of Estate Development) and Kate Brown (Governance Manager) (minutes).

**In attendance for Item 10:** Julia Durkan (Head of Environmental Sustainability)

**In attendance for Item 11:** Tracey Tarbatt (Senior Estates Surveyor and Joint Interim Head of Estate and Space Management)

**Apologies:** Barra Mac Ruairí and George Whalley.

### 1 Welcome and Declarations of Interest

**Noted:** There were no declarations in relation to the agenda.

### 2 Committee Business:

#### 2.1 Minutes of the previous meeting: 12 February 2025

**Received and Noted:** the minutes of the previous meeting held on 12 February 2025.

**Agreed:** to approve the minutes of the previous meeting.

#### 2.2 Matters Arising

**Received and Noted:** the actions list.

### 3 February 2025 Management Accounts and Financial Forecast

**Received:** the February 2025 Management Accounts and Financial Forecast and an update on the March accounts.

**Noted:**

- a) The University was ahead on underlying contribution and operating cash, but that tuition fee income was slightly down against budget. However, savings on pay and other operating expenses continued.
- b) Delays on capital projects have impacted CapEx spending.



- c) Discussion focused on the vacancy rate and the balance between hiring the right people whilst maintain a control on headcount. There would be more focus on this area.

#### **4 Endowment Governance and Spending Policy**

**Received:** Endowment Governance and Spending Policy

**Noted:**

- a) The policy will help to ensure that endowment funds are spent appropriately and in line with the terms of the original gift.
- b) Where appropriate, funds will be transferred to the most relevant merged endowment. Funds will then be provided to prioritised strategic projects as determined by the University Executive.
- c) Finance Committee will continue to sign off the endowment budget in September of every year on behalf of the Board of Governors.

**Agreed:** to approve the policy and the following recommendations:

1. For budgeting purposes for all permanent endowments, schools and faculties will plan to spend up to 6% of the endowment capital and income for all endowments received before 2010 and 4% for those received from 2010 onwards. This percentage amount will be reviewed for each annual planning round.
2. Expendable endowments will budget income on the basis of the previous year's actual dividend income received.
3. Finance Committee will continue to sign off the endowment budget in September of every year on behalf of the Board of Governors.
4. Where further analysis indicates a portion of the capital unlocked via total return cannot be used for the original purposes set by the donor, the balance will be transferred to the most relevant merged endowment.
5. Only prioritised strategic projects will be funded from the merged endowments and this will be determined by the University Executive based on business case approvals.

#### **5 Financing and Short-Term Treasury Management Strategy**

**Received:** Financing and Short-Term Treasury Management Strategy

**Noted:**

- a) The liquidity measure will be reduced from 90 days operating expenditure to 60 days operating expenditure (with an annual review thereafter), this excluded the Revolving Credit Facility.
- b) A ring-fenced fund using surplus cash [REDACTED] will be set aside for major investment. This fund will have a medium-term horizon (typically 3–5 years) balancing capital growth with income generation, while maintaining reasonable liquidity.
- c) Discussion focused on the decision to join the University of Cambridge Banking Engagement Forum (BEF). This new collaboration of a group of UK Higher Education Institutions on a request for proposals (RfP) to seek out financial institutions and products that do not contribute to the financing of fossil fuel expansion. Members requested further information on the Cambridge BEF at the next meeting.
- d) Members also raised the use of the debt ratio against income rather than EBITDA. It was noted that benchmarking currently used income, but the



University was shifting to using EBITDA as a KPI. Members supported this shift.

**Agreed:** to approve the strategy and the following recommendations:

1. To reduce the liquidity measure from 90 days operating expenditure to 60 days operating expenditure (with an annual review thereafter).
2. To create a ring-fenced fund using surplus cash [REDACTED] to set aside for major investment. This fund will have a medium-term horizon (typically 3–5 years) balancing capital growth with income generation, while maintaining reasonable liquidity.
3. To reduce the long-term credit rating for building societies from A to A- in order to invest in applicable building societies that have met the University of Cambridge Request for Proposal objectives but still retain the [REDACTED] net assets threshold.
4. To allow an increase to our primary relationship bank counterparty limit from [REDACTED] for no more than a period of three months in any financial year.
5. To diversify and keep within defined thresholds (less than 10% per geographical area) the international territories that we invest in to reduce the impact of geopolitical events.
6. To liaise with external advisors for advice regarding investment options for both the investment of the ring fenced [REDACTED] surplus cash and the placement of the University's remaining cash and current asset investment holdings, including consideration of increasing the University's holding of Money Market Funds [REDACTED].

**Action:** To provide further information on the Cambridge BEF at the next meeting.  
**CFO**

## 6 CFO Update Report

**Received:** the update from the CFO including:

- Progress on budget and five-year plan
- International Benchmarking
- Dormant subsidiaries

**Noted:**

- a) The budget and five-year plan is currently in the planning process and will be presented to the next meeting.
- b) Members appreciated the comparison with international universities and noted that University of British Columbia and University of Sydney were the closest comparison to Manchester.

## 7 Northern Gritstone Annual Update

**Received:** the annual update on Northern Gritstone.

**Noted:**

- a) There were three companies in the NG studios and another was being considered.
- b) The University has received about one third of the investments which was considered appropriate based on the University's level of investment in NG.
- c) NG is just part of the University's innovation agenda. The University will be looking to provide its own pre-seed funding for spin-out companies.



## 8 Student Financial Context

**Received:** paper from the Students' Union on the student financial context.

**Noted:**

- a) The paper focused on the widening gap between the maintenance loan and rent prices. Whilst the maintenance loan had increased by 3.2%, it was still difficult for students to survive without additional funding sources.
- b) There has been a lack of investment in University accommodation and therefore rent levels have been lower to reflect the quality. As the residence programme develops there will be a challenge to maintain the lower rent levels as the quality of accommodation available rises.
- c) Demand outstrips supply in Manchester and there are private providers with high rent levels. Therefore, there are discussions with the city council about creating a more affordable supply across the city.
- d) Members suggested that the University should focus on the areas it can control through its own accommodation provision. There needs to be a range of accommodation to cover all finance levels with support or means tested discounts as appropriate. The University could lead the sector on accommodation.
- e) Members asked about the period between the demolition of Fallowfield and the opening of the new residences when alternative accommodation will be required. It was noted that agreements are in place for this period, and whilst the University will not have control of the rent prices, it has been able to apply some offset on the increases to minimise the impact on students.

## 9 Capital Programme Report

**Received:** an update on capital projects within Finance Committee's purview.

**Noted:**

- c) Two key risks for the renewal of cladding for the George Kenyon Building:
  - 1. One resident who had refused to leave the building, the team were working on solution with the Residences Team. A plan was in place in place with the contractors in case a workaround was needed.
  - 2. Compliance with the Building Safety Act, however approvals and inspections were progressing.
- d) A working group was looking at an efficient decant process to allow work on University Place, Zochonis and Bridgeford Street to go ahead. It is not expected that temporary accommodation will be required.
- e) The Lime facility works are now underway.

## 10 Update on Zero Carbon by 2038

**Received:** update on the University's progress toward achieving zero carbon emissions in direct operations (Scopes 1 and 2) by 2038 and within a science-based carbon budget.

**Noted:**

- a) The University's progress toward achieving zero carbon emissions in direct operations (Scopes 1 and 2) by 2038 and within a science-based carbon budget. A number of successes were noted including:



- The implementation of the corporate Power Purchase Agreement securing ~65% of the University's electricity from a new solar farm in Essex and reducing the carbon footprint by 25%.
  - Completion of phase one of the decarbonisation of buildings with the completion of Booth Street East. Phase two is underway.
- b) It was acknowledged that the carbon budget would be exceeded by 2027, but that it was important to retain the science based targets. The current pipeline would reduce carbon by 40% by 2028.
  - c) Members supported the retaining of the science based targets and were encouraged by the progress made to date.
  - d) Members expressed interest in the potential for geothermal projects and encouraged the University to seek collaborations to take this forward.
  - e) The future funding of Decarbonisation initiatives (and therefore the pathway to the 2038 target) is subject to the infrastructure strategy and future prioritisation associated with the availability of funding to support Manchester 2035

## 11 Sister JV – Renold Building- Lease Disposal

**Received:** a request for the approval to grant a long lease for the Renold Building to the Sister JV.

**Noted:**

- a) This will be the first long lease to be granted to the JV and is a significant milestone for the project. The Lease Premium proposed by the JV is [REDACTED] which is currently under review by the University team and is awaiting independent valuation.
- b) In line with the legal framework, this will not be cash received by UoM but will form part of the University's contribution towards the development of the Sister site. This will be accounted for as a land disposal in the University Financial Statements therefore requires Board approval.
- c) The project had received Investment Zone funding from the Government.
- d) A briefing on the Sister JV will be presented to the July meeting of Finance Committee.

**Agreed:** to recommend to the Board to grant a long lease for the Renold Building to the Sister JV.

*Secretary's note: due to time sensitivity in order to drawdown Investment Zone funding, the Chair of the Board approved the lease by Chair's action.*

**Action:** To arrange a briefing on the Sister JV for new committee members prior to the next meeting. **Senior Estates Surveyor/ Governance Office**

## 12 Strategic Change Portfolio Overview

**Received:** an update outlining the current status and financial context of the strategic change portfolio.

**Noted:**

- f) The report outlined the current position prior to the implementation of Manchester 2035 and would be aligned with the new strategy.
- g) Projects to be delivered prior to Manchester 2035 included the upgrade to Oracle, support for PGRs and projects within the Evolve programme.



- h) Changes to governance of projects include the establishment of an Infrastructure Committee with other critical initiatives being submitted directly to University Executive.

## **12.1 Future Foundations Business Case**

**Received:** the Future Foundations Business Case

**Noted:**

- a) This was a large and complicated project which will help to simplify and improve processes across People and Finance.
- b) The procurement exercise to select an ERP platform has identified Oracle as the successful supplier, while the procurement exercise for a transformation partner to lead the implementation has now begun.
- c) Members were supportive of the project and encouraged clear ownership of the project by the University Executive.
- d) Members recognised the importance of clearly demonstrating the lessons learned from both the Finance Transformation Programme and the Student Experience Programme.

**Agreed:** to recommend:

1. the submission of the first iteration of the Future Foundations business case to the Board of Governors for approval.
2. pursuant to approval of the business case, endorse a drawdown of [REDACTED] to provide funding for the next phase of the programme, to July 2026, and to provide commercial cover for the contracts needed during the next phase of the programme.

## **13 Power of Attorney for Spin-out Company**

**Received:** a request for Power of Attorney for spin-out company Compliment Therapeutics Limited.

**Noted:** Compliment Therapeutics Limited is a spin-out company now based in Germany, as German law requires all documents to be signed in Germany Power of Attorney is required to do this.

**Agreed:** to recommend to the Board to approve the Power of Attorney for spin-out company, Compliment Therapeutics Limited.

## **14 Investment Sub-Committee: Report of 12 February 2025 meeting**

**Received and Noted:** the overview report of the meeting held on 12 February 2025. Items included

- 2024 Climate Change Report (presented to the 12 February Finance Committee meeting)
- 2024 Annual Responsible Investment and Stewardship Report
- Q2 2024 and Q3 2024 Performance and Responsible Investment Report
- Mercer Update
- Update on PRI Reporting

## **15 Any Other Business**

## **16 Date of Next Meeting and Forward Agenda**



**Received:** the Forward Agenda.

**Noted:** the date of the next meeting is Wednesday 2 July 2025.