

APPROVED Minutes



FINANCE COMMITTEE

12 February 2025

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), Patrick Hackett (Registrar, Secretary and Chief Operating Officer), Michelle Harper (Director of Faculty Estates Operations), Carol Prokopszyn (Chief Financial Officer), George Whalley (Deputy CFO) and Kate Brown (Governance Manager) (minutes).

In attendance for Item 9: Simon Merrywest (Director for the Student Experience)

Apologies: Mr Paul Thwaite

1 Welcome and Declarations of Interest

Noted:

- a) Paul Thwaite had joined the Committee but sent apologies for this meeting.
- b) Michelle Harper (Director of Faculty Estates Operations) attended to represent Estates & Facilities.
- c) There were no interests declared in relation to the agenda.

2 Committee Business:

2.1 Minutes of the previous meeting: 6 November 2024

Received and Noted: the minutes of its 6 November 2024 meeting.

Agreed: to approve the minutes of its 6 November 2024 meeting.

2.2 Matters Arising

Received and Noted: the Matters Arising/Action Log.

3 November 2024 Management Accounts and Financial Forecast

Received: an overview of the November 2024 management accounts and forecast.

Noted:

- a) Income is forecast to be down due in the most part to under-recruitment on postgraduate taught (PGT) programmes.
- b) Forecast cost savings, predominantly additional staffing vacancies, mean that the Budget contribution on underlying financial performance is forecast to hit target.

- c) Accounting surplus is due to be broadly in line with 2023/24 at £45m. This is only 3% of total income, reflecting the highly marginal nature of the University's finances at present.
- d) Members comments focused on:
 - i. The pay cost savings and the impact of not being able to recruit on performance as well as the budget.
 - ii. The student number position with strong growth in undergraduate in both international and home numbers against the continued under-recruitment for PGT. It was noted that a PGT review was planned to consider the market and the University's offering.
 - iii. The favourable variances in the capital budget being due to projects being delayed or reprioritised and the impact this may have on future budgets.

4 Capital Budget and Plan

Received: the interim 2025/26 capital budget and five year plan

Noted:

- a) This budget was presented at this early stage in order to enable the necessary lead times for various estates works and was an interim capital plan whilst the 2035 strategy was still in development.
[REDACTED]
- b) [REDACTED]
- c) Members were concerned about the current level of underspend in capital and the impact this might have on the budget going forward.
- d) Members commented on the importance of taking a new approach to the estate and considering how usage might change over the next 5-10 years on the development of the new Estates and IT Infrastructure Strategy.

Agreed: to recommend the 2025/26 capital budget and five year plan to the Board of Governors for approval.

5 Subsidiaries Report for the year ended 31 July 2024

Received and Noted: a report on the active subsidiaries, their key activities and rationale for their existence.

6 CFO Update Report

Received and Noted: an update from the CFO including:

- The financial sustainability issues in the sector and that, whilst remaining aware of the University's current financial stability, there was a need to look seriously at ways to increase revenues and control costs in order to safeguard our financial sustainability.
- The refresh of financial procedures – these were not substantive changes and therefore did not require committee approval.
- The main bank tender will be extended to the full 10 years.

7 University Benchmarking Analysis

Received: a report of competitor benchmarking against the University's Peer Group, using data derived from the 2023-24 published statutory financial statements.

Noted:

- a) The overall downward trend in adjusted surpluses, with Leeds and UCL being outliers.
- b) The reliance on overseas tuition fee income for both the University and the peer group had been rising steadily. Members commented on the risk of a high proportion of overseas students coming from specific areas, e.g. China.
- c) Members commented on the impact of Manchester's more stable position on the impetus for change. The balance between the University's ambitions and making cost savings is an important message to get across to staff, however there was increasing awareness of the level of challenges in the sector, and this was having an impact on staff openness to change.
- d) It was acknowledged that the recent leadership change at the University provided an opportunity to consider the University through a new lens.

Action: To look into providing a deep dive on specific international competitors where appropriate. **Deputy CFO**

8 Capital Programme Report

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

9 Update on Residences Redevelopment Programme

Received: an update on the Residences Redevelopment Programme.

Noted:

- a) The risk presented by the new Building Safety Act and changes made to mitigate this risk, including:
 - Reduced height of some blocks.
 - The amenity building made standalone.
 - Financial close moved to October 2025.
 - Rephasing of the receipt of some of the rooms.
- b) Due to the Financial Close being moved to October 2025, the partners had requested that the University share some risk in order to keep the work on the project going in the meantime. This included co-funding the advance works and the purchase of the option to obtain the design IP. As these works would be needed for the use of the site in any capacity, the Committee supported the proposals.
- c) The budget for the Limes project had increased significantly to [REDACTED], since the original design proposal in 2016. Whilst there had been some discussion about outsourcing the catering and maintenance services to an external provider, this would not preclude the need for a facility to support these services on site.

Agreed:

- 1) to approve:
 - i) the revised funding requirement for the Limes Building project
 - ii) the agreement of an advance works contract [REDACTED]
 - iii) the purchase of an option to obtain design IP [REDACTED]

2) To support the University's intention to take an equity stake in the SPV.

Action: To provide a schedule showing the development of the proposal and funding changes to future meetings. **Director for the Student Experience.**

10 George Kenyon - Renewal of Cladding (LTM)

Received and Noted: an updated proposal for the George Kenyon renewal of cladding (LTM) project including the risks associated with the Building Safety Act legislation around Gateway 3 to reoccupy and the steps taken to mitigate this risk.

Agreed: to approve the proposal to enter into contract with Henry Brothers Ltd at a total cost of [REDACTED] leading to a total project expenditure of [REDACTED].

11 Strategic Change Portfolio Overview

Received: an overview of the status and financial context of the strategic change portfolio.

Noted:

- a) The paper provided details on unallocated funding, setting the stage for broader discussions on our strategic priorities in the coming year, as the University develops the Manchester 2035 strategy.
- b) Within a current planning envelope of [REDACTED] over 10 years there was currently [REDACTED]
- c) The portfolio now included less than 20 projects with the two large projects being Evolve and Flexible Learning.
- d) The Central Learning Environment (CLE) project, part of the Flexible Learning Programme, would be implemented in phases through 2025 and would be a top priority.

11.1 Future Foundations progress update

Received: an update on Future Foundations.

Noted:

- a) The intention to present a business case for Future Foundations to Finance Committee in April 2025, followed by Board of Governors submission in May 2025.
- b) The progress made to date in surfacing cost and benefit information for the Business Case. Work was ongoing in reviewing the product options.
- c) Members commented on the complexity of the project and the importance of gaining insight from other institutions who have implemented similar projects.

12 The Student Financial Context

Received: an overview of the student financial context, including the main forms of financial support, how students spend their money, support provided by the Students' Union (SU) and opportunities for the SU and the University to work more closely to support students with financial difficulties.

Noted:

- a) Members were reminded of the importance of viewing committee business through a student lens. This would be important both for the development of the new strategy and for providing support for current students.
- b) Members commented on the opportunities for the University to both provide paid employment to students and to support them in the workplace. The inclusion of more career advice and support as well as employment opportunities would be an important part of the 2035 strategy.
- c) The widening gap between the maintenance loan amount and the average rent prices was a key concern.

13 Power of Attorney in Specific Circumstances

Received: a request to delegate the power to execute Powers of Attorney to the University's Chief Financial Officer or nominee solely in relation to overseas tax registration and filing requirements. This will run for five years until the end of January 2030, subject always to the Board's right to revoke the delegation.

Agreed: to recommend to the Board to delegate the power to execute Powers of Attorney to the University's Chief Financial Officer or nominee solely in relation to overseas tax registration and filing requirements.

14 Investment Sub-Committee: Report of 14 November 2024 meeting

Received and Noted: the overview report of the Investment Sub-Committee meeting held on 14 November 2024. Items included the approval of a MAC funding adjustment and a change in equity investments as well as an overview of the Shade Tree Project.

14.1 Investment Portfolio Climate Change Report for the Year Ended 31 July 2024

Received and Noted: the Investment Portfolio Climate Change Report for the Year Ended 31 July 2024. The report is part of the University's Policy on Responsible Investment and only covers the University's endowment investment portfolio. The report concluded that the University is on track to achieve the targets set for 2027.

Agreed: to recommend the Investment Portfolio Climate Change Report to the Board.

15 Dates of Next Meetings and Forward Agenda

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

- Wednesday 30 April 2025
- Wednesday 2 July 2025