

APPROVED

**MINUTES OF THE MEETING OF THE FINANCE AND PROPERTY COMMITTEE HELD ON WEDNESDAY 9
MAY 2019 IN ROOM RS109 (VC'S BOARDROOM), 309 REGENT STREET**

PRESENT: Mr G Morley (Chair) Ms H Owen
Mr C Barnes (Deputy Chair) The Venerable Canon D Stanton
Ms K McLeod Ms P Wales
Mr P Murphy

IN ATTENDANCE: Mr J Cappock (Company Secretary) (Minutes 18.38 and 18.39) Mrs E McMillan (Clerk)
Mr C Hinge (Minutes 18.38 and 18.39) Mr I Wilmot

APOLOGIES: Dr P Bonfield

18.38 ANNOUNCEMENTS

18.38.1 Apologies were received as noted above.

18.38.2 There were no new declarations of interest.

18.38.3 The Chair confirmed that there were no requests to discuss the starred items on the agenda or to discuss business other than that on the agenda.

18.39 ESTATES UPDATE (INCLUDING STRATEGY DEVELOPMENT)

18.39.1 The University Secretary and Chief Operating Officer (USCOO) updated members on progress in development of the Estate strategy, acknowledging that the document presented to the previous meeting of this Committee and the Court of Governors focused more on projects the University planned to undertake rather than the rationale for those projects.

18.39.2 The USCOO presented an update work in progress report (Document FIN 190509A) and briefed members of the feedback and views of the Estate Advisory Group (EAG) and the University Executive Board (UEB) on the report. The USCOO informed members that a UEB workshop on curriculum design later this term will provide additional insight into the developing Education strategy.

18.39.3 A member commented that he would expect to – but does not yet - see four strategic areas covered in the final Strategy:

- Target student numbers in 2030
- How many extra teaching staff or different teaching staff the University needs and where they will be located
- Where Professional Services staff will be located
- Student accommodation

He also considered that the current report focuses too heavily on the students, colleagues and properties the University has currently instead of the students and colleagues the University will have in the future and what the estate needs will be as a result.

18.39.4 Members agreed with feedback from EAG and UEB that the vision and objectives should be at the beginning of the strategy document.

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- 18.39.5 The Director of Estates Planning and Services (EPS) confirmed that the Student residential accommodation strategy will be submitted separately at a future meeting.
- 18.39.6 The Director of EPS updated members on the location and potential relocation of Professional Services colleagues.
- 18.39.7 Members discussed the impact of the estate - and particularly the condition and presentation of University spaces – on the student experience, perceptions and recruitment. Members noted that the University is in a good financial position and should continue to balance aspirations with prudent decision making.
- 18.39.8 A member requested that the report planned for submission to the Court more directly links the plans for the estate with the College strategies. Members heard that the current strategies do not identify significant new curriculum or expansion that would provide a business case for transformative development of the estate.
- 18.39.9 Members considered that the final strategy ought to cover all three of the University's fundamental land holdings – Marylebone, New Cavendish Street and Harrow.
- 18.39.10 Members considered that the Education strategy, and particularly the vision for teaching, should inform - and arguably drive – the Estate strategy, whilst also considering the space required to facilitate research and improve the wider student experience.
- 18.39.11 Members noted that the USCOO will reflect on the views expressed by the Committee, UEB and EAG and amend the document prior to discussion with the Court in June 2019.
- 18.39.11.1 **ACTION: Independent governor members of the EAG** to comment on the revised document prior to submission to the Court.

18.40 UNIVERSITY BUDGET AND FIVE-YEAR FORECAST

- 18.40.1 The Director of Finance presented the proposed University budget 2019-20 and the five-year forecast (Document FIN 190509B), which is recommended by the University Executive Board.
- University budget 2019-20**
- 18.40.2 The Director of Finance briefed members on the process to construct the proposed budget, which is led by the University Planning Committee.
- 18.40.3 A member queried the impact of the increase in Teachers Pension contributions and discussed with the Director what options may be available to the University to offer pensions under different arrangements in the future.
- 18.40.4 Members held a lengthy discussion about the amount of the contingency and where it is recorded in the budget and about the extent to which it has been used in previous years. Members broadly considered that a contingency of £5 million will not be required.
- 18.40.5 A member queried whether the outcome of the Augar Review may impact on this budget. The Director confirmed that any changes to higher education funding would not be implemented for the 2019-20 academic year and that the biggest challenge to achieving the budget surplus is fluctuations in student numbers.
- 18.40.6 Members discussed staff costs, commenting that staff costs as a percentage of income are still high relative to the London average despite the staff reductions in 2017-18. In response to a member's query, the Director of Finance gave the view that staff costs should not be higher than 54% of income. Members recognised that there may be justified increases in staff numbers where it is key to the student experience or where there is student number growth; however, stated that the Committee should not see an increase in staff numbers (and therefore staff costs) without income growth to support it.
- 18.40.6.1 **ACTION Director of Finance** to include a greater focus on staff costs analysis in the management accounts report to the Committee for the next six months.

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- 18.40.7 A member queried how long courses or modules that are not performing well are given to improve before they are closed.
- 18.40.8 **AGREED** The Committee recommends the proposed University budget 2019-20 to the Court for implementation and submission to the Office for Students (OfS), subject to a reduction in the contingency from £5m to £2m.

Five-year forecast

- 18.40.9 The Director highlighted to members that the forecast includes an element of growth in years 2021 to 2024 and noted considering the earlier discussion that staff costs continue to rise during the forecast period.
- 18.40.10 Noting that the strategic target to double research income is reflected in the forecast, a member commented that this is a realistic target that requires investment – in research funding bids and the right staff.
- 18.40.11 A member queried how many students would the University's intake need to reduce by to take the surplus down to zero. The Director explained that this is explored to some extent in the opportunities and threats paper that accompanied the earlier discussion around the estate.
- 18.40.11.1 **ACTION Director of Finance** to expand the opportunities and threats section of the five-year forecast paper prior to submission to the Court.
- 18.40.12 **AGREED** The Committee recommends the proposed five-year forecast to the Court for submission to the OfS, subject to the reduction in the contingency for 2019-20 from £5m to £2m.

18.41 UNIVERSITY FINANCIAL PERFORMANCE

- 18.41.1 The Director of Finance presented the management accounts report to March 2019 - Period 8 (Document FIN 190509C).
- 18.41.2 The Director reported that colleagues are reviewing the Quarter 3 forecast now to confirm whether there are real savings or savings due to the timing of income or expenditure.
- 18.41.3 A member queried the reference in the analysis of non-pay costs to greater than expected agent commission fees in one college. The Director explained that this was an error in forecasting.
- 18.41.4 In response to a member's query, the Director confirmed that there are no areas of the debtors' position of concern.
- 18.41.4.1 **ACTION Director of Finance** to confirm to the Committee the reason for the increase in student accommodation debt.

18.42 STUDENT FEES AND OTHER CHARGES POLICY

- 18.42.1 Members noted the updated Student fees and other charges policy (Document FIN 190509D), which has been approved by UEB for implementation in 2019-20.

18.43 MINUTES OF THE PREVIOUS MEETING AND MATTERS ARISING

- 18.43.1 **AGREED** The minutes of the Finance and Property Committee meeting held on 14 March 2019 (Document FIN 190509E) were agreed as an accurate record.
- 18.43.2 Members noted an update on completed actions from previous meetings (Document FIN 190509F).
- 18.43.3 **Fee proposals 2020-21 (Action 18.29.5.1):** The Director of Finance reported that the Finance team is calculating the figure requested and he will submit the information to the Clerk to circulate to members between meetings.

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18.43.4 **Digital strategy (Action 18.21.7.1):** The Court of Governors discussed oversight of the Digital strategy on 20 March 2019 and noted that oversight of various elements of the University's emerging Digital strategy should appear in the terms of reference of a variety of committees.

18.44 DATES OF FUTURE MEETINGS

2018-19

Thursday 27 June 2019 at 4.00pm

2019-20

Thursday 19 September 2019 at 4.00pm in Room RS109

Thursday 14 November 2019 at 4.30pm in Room RS109 (joint meeting with Audit Committee)

Thursday 23 January 2020 at 4.00pm in Room RS109 (additional meeting only if required)

Thursday 5 March 2020 at 4.00pm in Room RS109

Thursday 7 May 2020 at 4.00pm in Room RS109

Thursday 25 June 2020 at 4.00pm in Room RS109

Except for the joint meeting with the Audit Committee, all meetings are held in Room RS109 (VC's boardroom), 309 Regent Street.

18.45 ANY OTHER BUSINESS

18.45.1 Members did not raise any other matters for discussion.