

FINANCE COMMITTEE
11TH NOVEMBER 2020

REDACTED MINUTES FOR PUBLICATION

A meeting of the Finance Committee was held remotely via Zoom videoconferencing on Wednesday 11th November 2020 from 14.15-16.15pm.

Present: Jat Brainch [JB] Honorary Treasurer and Chair
Amanda Clack [AC]
John Gellatly [JG]
Andrew Hynard [AH]
Alastair Martin [AM]
Ashley Wheaton [AW]

Apologies:

In Attendance: Jane Fawkes (University College Secretary) [JEF]
Lyndsay Hughes (note taker) [LH]
Tim Mills (Director of Finance) [TM]

4350 **1.1/ DECLARATION OF ANY CONFLICTS OF INTEREST**

4351 AC stated her obvious interest regarding paper 3.1d, the CBRE quotation for support at Shinfield Grange. There were no other conflicts of interest declared.

4352 **1.2/ TO RECEIVE APOLOGIES FOR ABSENCE**

4353 There were no apologies for absence.

4354 **1.3/ TO APPROVE THE MINUTES OF THE MEETING HELD ON 4TH SEPTEMBER 2020**

4355 The minutes of the Finance Committee Interim Update meeting held 4th September 2020 (paper 1.3) were **APPROVED** as a true record and signed by the Honorary Treasurer. The Committee **NOTED** that as the meeting was only an interim update, the minutes will not be published on the UCEM website.

4356 **1.5/ TO CONSIDER MATTERS ARISING FROM THE MINUTES NOT INCLUDED ELSEWHERE ON THE AGENDA**

4357 An actions summary from the last two meetings was circulated as paper 1.4. The Committee noted that all actions were now closed except for the work on the USS Pension Scheme which has been delayed due to workload pressures during the audit

period. The Finance Committee will be updated as soon as possible on this workstream.

4358 **2.1/ TO RECEIVE THE SEPTEMBER YEAR TO DATE PERFORMANCE UPDATE**

4359 TM presented paper 2.1 to the Committee, which summarised the September management accounts, balance sheet and cashflow forecast relative to the budget for 2020-21 approved in June 2020.

4360 The September management accounts (paper 2.1a) report that UCEM is a net £119K ahead of budget before project work and Shinfield Grange. UCEM is now recognising income as it comes in and therefore the majority of the Autumn recruitment will be reflected in October rather than September. Income stands at £12K behind budget. As costs are also phased in this way too the number reported is more accurate. On overestimation of Eastleigh income will, however, be corrected throughout the course of the year. UCEM is £140K under budget on costs year to date (largely through some staff savings and covid-19 related savings like travel).

4361 With a £13K saving year to date on projects, UCEM has an actual current operating loss of £1.25M vs a budget loss of £1.39M, putting the institution £132K ahead of forecast expectations. The Committee was informed, however, that the project budget for Ofsted is misstated in the P&L presented, where an approved budget of £362K should be included. This is, however, reflected correctly in the cashflow projections.

4362 The Committee **NOTED** the September year to date financial position and commended UCEM on a positive start to the financial year in ongoing unusual economic times.

4363 The Committee **NOTED** the September 2020 Balance Sheet at paper 2.1b and in particular the negative impact that the investment portfolio revaluation will have as a result of Covid-19.

4364 The Committee received an updated cash flow projection in paper 2.2c covering the period to July 2023. TM reported that turnover is expected to be £1M better than budget over the next two semesters. The Committee was also advised that the cashflow forecast incorporates the £200K approved for Shinfield Grange and the two requests for revised budget in year to be determined at item 2.2.

4365 The Committee **NOTED** the cash flow projection to July 2023, the prudence built into the forecast and that, with good working capital management and credit control, UCEM can avoid the potential negative positions in the forecast for summer 2021.

4366 **2.2/ TO RECIEVE A RE-FORECAST BUDGET**

4367 Ashley Wheaton / Tim Mills provided an update on the revised income position following the closure of the autumn enrolment period (see paper 2.2).

4368 UCEM has secured additional income above that forecast through higher than predicted new student recruitment in autumn 2020 (300 students over plan). This has resulted in £1M additional income over the year when the additional new students are carried into Semester 2 retained income. UCEM has made no other adjustments to the Semester 2 forecast since the original budget, despite some further potential uplift being currently anticipated.

- 4369 UCEM requested that the Committee approve a revised budget releasing a further £400K of in year costs into the budget as a result of this improved position (£800K annualised), to be used primarily against new staff resource. A further £100K (£200K annualised cost) to be used at the Executive's discretion pending the ongoing performance of the institution was also requested. Finally, UCEM also wishes to make a provision for payment of a staff bonus at the end of 2020-21. If approved, the expected outcome for UCEM would be a surplus of £427k before projects and statutory adjustments, compared to a break-even position under the currently approved budget. UCEM confirmed the resources required do not conflict with the roles made redundant in the summer.
- 4370 The Committee **NOTED** the re-forecast income for 2020-21.
- 4371 The Committee **APPROVED** the resource request of £400K in year and **PRE-APPROVED** the additional resource request of £100K subject to Executive appraisal of the ongoing income position in the coming months.
- 4372 The Committee **APPROVED** the provision for a staff bonus of £181K pending the outcome of the financial year.
- 4373 Through consideration of the data presented and the decisions made, the Committee **ACCEPTED** the re-forecast budget as proposed in paper 2.2a for the remainder of 2020-21.
- 4374 3.1/ TO RECIEVE AN UPDATE ON THE SHINFIELD GRANGE PROJECT**
- 4375 Ashley Wheaton provided an update on progress with the Shinfield Grange project since the September meetings of the Property Working Group and the Board of Trustees (paper 3.1). The Committee was reminded that the Board had approved a budget of up to £200K to progress the project and to be put at the disposal of the Property Working Group.
- 4376 UCEM wrote to and received a response from the University of Reading regarding their misrepresentation of ownership of Shinfield Grange to Wokingham Borough Council. UCEM is now drafting a similar letter to Wokingham Borough Council and its stakeholders to once again clarify ownership. An options appraisal was presented from the current consultants at paper 3.1c.
- 4377 The Committee was informed that as the current consultants work for small firms and UCEM needs to act swiftly to ensure it can retain maximum value for the land, AC had requested that her CBRE colleagues review the documented evidence to date and make recommendations on what UCEM's next steps could or should be. This proposal and fee are presented in paper 3.1d. It was recommended that this proposal should be used as the basis of an invitation to tender from at least two other large firms to support UCEM through the next steps of the site's disposal and the potential difficult relationships with the University of Reading and Wokingham Borough Council. UCEM is also likely to potentially require specialist planning lawyers as well as the planning experts themselves.
- 4378 The Committee **NOTED** the progress made since the meeting of the Property Working Group in September 2020. The Committee also **NOTED** the communications between UCEM and University of Reading.

4379 The Committee **AGREED** that the next steps should be for the Property Working Group to meet and agree the brief for an invitation to tender in direct comparison with the CBRE quotation.

ACTION: Convene a meeting of the Property Working Group to discuss the options and organise the Invitation to Tender as soon as possible. [LH]

4380 The Committee reviewed the proposed property Working Group Terms of Reference presented in paper 3.1e. The Committee welcomed the references to sustainability and that securing maximum value from the land is not necessarily all relative to the best price secured. The Committee noted that AC should not yet be listed as Chair of UCEM, nor of this working group. It **AGREED** that Andrew Hynard will chair the group.

4381 The Committee **APPROVED** the proposed Property Working Group Terms of Reference as presented in paper 3.1e pending the change in Chairmanship of the Group to Andrew Hynard.

ACTION: Finalise and publish the Property Working Group Terms of Reference as V1.0 pending the change of Chairmanship of the group. [LH]

4382 4.1/ TO RECEIVE AN UPDATE ON THE INTERIM OFS FINANCIAL RETURN SUBMISSION

4383 The Committee reviewed paper 4.1 which provided an update on the approach taken to meeting the OfS interim Financial Return deadline of 30th October 2020. The Committee was reminded that this interim return did not require full Board of Trustee sign-off. Due to the timescales involved, the Honorary Treasurer was briefed on the planned submission on 22nd October 2020 and the minutes of this meeting were provided in paper 4.1a. The full data submission returned was provided in paper 4.1b for the information of the Committee.

4384 The Committee was informed that the return focused on financial stability and viability of the institution using data from the past three years and one year into the future. TM used the budgetary numbers already approved by Finance Committee, despite the changes anticipated in revising the budget at this meeting of 11th November. The reforecast now approved and increased income position will therefore need to be reported and explained to OfS in the full and final Financial Return in March 2021. UCEM has received no questions or queries from the OfS since submission.

4385 The Committee **NOTED** that the Interim Return had been fully reviewed by the Honorary Treasurer on behalf of the Committee ahead of submission on 30th October 2020. The Honorary Treasurer **APPROVED** the minutes of the review meeting held on 22nd October 2020.

4386 Due to the changes in deadline for reporting the full and final financial return for 2019-20 to the OfS, the Committee **AGREED** to swap the date of the planned Finance Committee meeting on 4th March 2021 with that of the planned Audit Committee meeting on 11th February 2021. The Committee also **AGREED** the requirement for a short full Board meeting on Thursday 25th February 2020 from 09.30-10.00am to ensure the sign-off of the final Finance Return Submission by the OfS deadline.

ACTION: Swap the Audit and Finance Committee meeting dates in Feb/Mar 2021 and schedule a short Board meeting on 25th February 2021 in order to meet the reporting deadlines for the OfS final Financial Return submission. [LH]

4387 **5.1/ TO RECEIVE THE FINANCE COMMITTEE ANNUAL REPORT 2019-20**

4388 The Committee considered its draft Annual Report for the 2019-20 academic and financial year. As part of best practice in higher education governance, all sub-committees of the Board review their work and impact through an annual report. This is the first such report prepared by the Finance Committee.

4389 The Committee **NOTED** the work achieved by the Committee in the 2019-20 year and in particular its compliance with OfS financial conditions of registration. The Committee also **NOTED** that there remain two vacancies on the Committee, but that new Trustee Nick Braisby would be joining the Finance Committee from 2021.

4390 The Committee **APPROVED** the Finance Committee draft annual report for 2019-20 which will be presented to the Board on 27th November 2020 for final approval.

4391 **5.2/ TO RECEIVE THE BURSARIES WORKING GROUP ANNUAL REPORT 2019-20**

4392 The Committee was reminded that the Bursaries Working Group was formerly a sub-group of the Finance Committee and is now managed internally. A draft annual report for the 2019-20 academic and financial year was presented in paper 1.7. Whilst such a report has not been presented to the Committee before, oversight of the work of the Group remains a formal part of the Finance Committee Terms of Reference and this report will now be presented annually.

4393 The Committee **NOTED** the work achieved by the Bursaries Working Group in the 2019-20 year and in particular that the award of bursaries is now fully aligned with the dividends earned on the endowment (so is self-funding). The Committee **NOTED** that UCEM now also awards funding from the Centenary Fund and the #BEReady CSTT fund for the BSc Access Module. Finally, the Committee **NOTED** the development of a Hardship Fund as part of UCEM's Access and Participation Plan commitments. The Committee was delighted that UCEM runs all these schemes and is committed to helping students to access and succeed on UCEM programmes. The Committee suggested that UCEM captures further updates on bursary student progression both in their studies and later in their careers.

4394 AW assured the Committee that the Group always balanced the judgement between the right numbers of bursaries. Success rates, demand and the projected dividends to fund the scheme. The group is also now learning to balance this with OfS expectations relative to the approved Access and Participation Plan. This has meant a shift from the past position of basing decisions purely on means testing. The Committee queried the potential to raise the profile of the scheme to support more students and potentially have further bursaries through fundraising to the scheme. UCEM's experience with the Centenary Fund suggests this would be challenging from within the current alumni community. AC/JEF will discuss the opportunity further outside of the meeting. AW also informed the Committee that UCEM is launching another scheme, the Postgraduate Scholarship Scheme, to help support more students in their studies.

4395 The Committee **APPROVED** the Bursaries Working Group Annual Report for 2019-20.

4396 5.3/ TO REVIEW THE BANK AUTHORISED SIGNATORIES

4397 The list of UCEM bank authorised signatories and approval levels is reviewed annually. Paper 5.3 and 5.3a outline the proposed updates required to the approved signatories list as at October 2020.

4398 The Committee **APPROVED** the proposed signatories and approval levels for UCEM bank accounts as outlined in paper 5.3a. The Committee **NOTED** and authorised the forthcoming update to authorised signatories to effect the change in UCEM Chairmanship at the end of November 2020.

4399 6/ ANY OTHER BUSINESS

4400 The Committee **NOTED** that UCEM Publishing was finally and formally closed in October 2020 by Companies House and that UCEM auditors Mazars have confirmed in writing that despite this being beyond year end for 2019-20 no Annual Accounts or AGM is required. The planned AGM meeting for 27th November has therefore been cancelled.

4401 The Committee **NOTED** that this was JG's last Finance Committee meeting and formally thanked him for his contributions to the Committee over the last six years.

4402 No other matters of business were raised, and the Chair closed the meeting at 15.28pm.

4403 The date and time of the next Finance Committee meeting will be Thursday 11th February 2020 at UCEM, Horizons, Reading, and via Zoom remote video link.

Signed



Name Jat Brainch, Honorary Treasurer

Date 11th February 2021