

**FINANCE COMMITTEE  
9 NOVEMBER 2023**

**REDACTED MINUTES FOR PUBLICATION**

A meeting of the Finance Committee was held remotely via Zoom videoconferencing on Thursday 9 November 2023 from 14.15-15.30pm.

Present: Prof. Nick Braisby [NB]  
Amanda Clack [AC]  
Dominic O'Rourke [DOR]  
Graeme Scott [GS] Honorary Treasurer and Chair  
Ashley Wheaton [AW]

Apologies: Alastair Martin [AM]  
Tim Mills (Executive Director Finance) [TM]

In Attendance: Jane Fawkes (University College Secretary) [JEF]  
Lyndsay Hughes (note taker) [LH]  
Jim Kerr (Finance Operations Director) [JK]

**1) GENERAL MEETING GOVERNANCE**

**5071 1.1/ DECLARATION OF ANY CONFLICTS OF INTEREST**

5072 There were no conflicts of interest declared.

**5073 1.2/ APOLOGIES FOR ABSENCE**

5074 There were apologies for absence from Alastair Martin and Tim Mills.

**5075 1.3/ MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON 15 JUNE 2023**

5076 The minutes of the Finance Committee meeting held 15 June 2023 (paper 1.3) were **APPROVED** as a true record and signed by the Honorary Treasurer.

5077 The proposed redacted sections of the minutes from the meeting held 15 June 2023 were **APPROVED** and will be published accordingly on the UCEM website.

**5078 1.4/ MATTERS ARISING AND ACTIONS SUMMARY**

5079 An actions summary from the last meeting was circulated as paper 1.4. The Committee **NOTED** the update on actions provided, including that many had been

deferred due to the absence of the Executive Director Finance from the business for three weeks in October 2023.

5080 The Committee **NOTED** that action 4947 had been closed at the last meeting in minute 4993.

## 5081 1.5/ FINANCE COMMITTEE TERMS OF REFERENCE

5082 The Terms of Reference for the Finance Committee were presented to the Committee for approval following a request by the Honorary Treasurer to formalise a working process underway by which UCEM requests Honorary Treasurer approval for all transactions over £25,000. The proposal was to increase this level requiring approval to £50,000. In reality there are few transactions exceeding these levels. The proposed addition was presented in tracked changes in paper 1.5a. No other changes were proposed.

5083 The Committee **APPROVED** the Finance Committee Terms of Reference V12.01 for finalisation as V13.0.

**ACTION: Publish the Finance Committee Terms of Reference V13.0.**

## 2) OFFICE FOR STUDENTS COMPLIANCE

### 5084 2.1/ THE OFS FINANCIAL RETURN 2023

5085 UCEM is required to submit an Annual Financial Return to the Office for Students (OfS), which is one of the ongoing OfS Conditions of Registration. The return includes financial forecasting of income and expenditure up to and including 31 July 2028, cash flow, and forecasting of projected student numbers as Full Time Equivalents (FTE), as well as details of grants, remuneration of the Head of the Provider, and data related to Access and Participation projected spending. The Committee reviewed the data for the submission on behalf of the Board who will be asked to sign it off for submission at an exceptional meeting on 17 November 2023.

5086 JK highlighted key data sets within the return, explaining that the data in tables 1-3 is built from the more detailed data in tables 4-14. JK also explained that the validation warnings align with those of previous years and the team is confident the OfS will be satisfied with them. They derive from anomalies in UCEM's model which do not fit standard OfS reporting. JK reminded the Committee that the OfS is looking for UCEM to demonstrate its liquidity and sustainable business model. The data used includes actuals for Y1 and Y2, then the approved budget for Y3 and thereafter UCEM's assumptions based on student number expectations, price increases and inflation both generally and on payroll.

5087 **REDACTED**

5088 **REDACTED**

5089 NB commented that pension costs were likely to reduce due to a reduction in USS employer costs announced recently, to be effective from January 2024. This has not been factored into the Return so will represent an upside in due course.

5090 JK explained that the Balance Sheet Asset Value moves by the surplus or deficit made in each year of the return. **REDACTED** End Point Assessment accrued income

reflects the agreements made with the auditors for the 2022-23 accounts. No assumptions are included relative to investments portfolio valuations or USS pension provision requirements beyond Y2, they remain constant for all subsequent years (acceptable to OfS in prior years).

- 5091 **REDACTED** Cashflow is performing better than UCEM predicts and better than in previous OfS Returns. The Committee concurred that UCEM will be unlikely to be of major concern to OfS with such a healthy cash balance and even with inclusion of the £250K provisional allowable spend for Shinfield Grange. The likely threshold for concern would be 30 days or less of liquidity.
- 5092 JK reassured the Committee that the warnings are explainable to the OfS because their definitions of FTEs do not work for UCEM where students are predominantly part time. The FTE table also does not include international students so cannot marry up directly with overall income projections and fee data.
- 5093 JK then introduced the Return Commentary (Paper 2.1b) in which once again, financial viability and sustainability are the focus. The words follow previous years with regards to how the assumptions UCEM is making and how UCEM sets and monitors performance. OfS materiality is a year-on-year increase of plus or minus 10% which means some large percentage increases have to be explained, though they are ultimately based on small numbers. The commentary is deliberately high level where possible.
- 5094 The Committee requested some minor changes, to include reference to a quarterly review by Finance Committee in question 3, which should be reduced to three times per annum or use the word periodically. **REDACTED** JK will also respond to some written comments by the Honorary Treasurer relative to the Return before the final document is shared with the Board for approval.
- ACTION: Make amends to the Financial Return Commentary as requested ahead of seeking full Board approval. [JK]**
- 5095 The Committee **AGREED** that the numbers provide a positive story for UCEM, and the document is not contentious. The Executive have also reviewed this twice before Finance Committee.
- 5096 JK confirmed to the Committee his belief the return will be acceptable to the OfS as presented and that the Commentary paper explains all elements of the data. The focus will be on financial sustainability and cashflow which both remain positive for UCEM and are unlikely to be challenged. The Committee was satisfied and had no further queries.
- 5097 Following the review, the Committee **PRE-APPROVED** the UCEM Financial Return (pending some minor amendments agreed) and will recommend it to the Board to provide final sign-off to both the data and associated commentary at the short meeting scheduled for 17 November 2023.
- 5098 The Committee expressed its thanks to all the staff involved in bringing the Financial Return together and acknowledged the significant work involved to extremely tight timescales.

### 3) 2023-24 FINANCIAL YEAR

**5099 3.1/ YEAR TO DATE PERFORMANCE 2023-24 vs BUDGET, BALANCE SHEET AND CASHFLOW FORECAST**

5100 JK presented paper 3.1 to the Committee which summarised the September 2023 management accounts, balance sheet and cashflow forecast relative to the approved budget for 2023-24 (approved June 2023) and the Year End forecast.

5101 JK reported that the October initial performance indicators show a better than budget operating surplus of £210,000 (up from £120,000 in September). Overall, this means a deficit of £997,000 vs a budgeted deficit of £1,207,000. REDACTED

5102 The Committee queried the ongoing vacancy rate UCEM seems to carry. AW reported that UCEM had tried to be more aggressive on phasing of vacancies in the budget and to plan for greater recruitment lag and carrying of vacancies but this is already showing to be insufficient and that UCEM could have been more ambitious.

5103 The Committee agreed that it was a creditable performance for the year so far but noted that some headwinds were coming such as EPA and increasing Property Working Group spend. A revised income forecast will be undertaken in January 2024 and shared with Finance Committee thereafter.

5104 The Committee also received the Balance Sheet in paper 3.1b and an updated cash flow projection in paper 3.1c covering the immediate 12-months ahead.

5105 The Committee **NOTED** and welcomed the September year to date financial position against approved budget.

5106 The Committee **NOTED** the additional £75,000 staff costs added to the budget by the Executive Team following the pay benchmarking exercise in August/September 2023 and agreed Finance Committee pre-approval ahead of full Board approval.

5107 The Committee **NOTED** and pre-approved ahead of full Board approval the additional spend over the agreed budget for programme development (£190,000) and a provision for Shinfield Grange project spend of up to £250,000 (not all of which may be in year).

5108 The Committee **NOTED** the April 2023 Balance Sheet at paper 3.1b and that UCEM retains a strong balance sheet and reserves position.

5109 The Committee **NOTED** the cashflow projection for FY2024.

**4) PROPERTY**

5110 **4.1/ REDACTED**

5111 REDACTED

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## 5) FINANCIAL GOVERNANCE

### 5119 5.1/ FINANCE COMMITTEE ANNUAL REPORT 2022-23

5120 The Committee considered its draft Annual Report for the 2022-23 academic and financial year (paper 5.1). As part of best practice in higher education governance, all sub-committees of the Board review their work and impact through an annual report, presented to the Board of Trustees. The Committee considered that overall, it has met its Terms of Reference for the year.

5121 The Committee **NOTED** the work achieved by the Committee in the last year and **APPROVED** the Finance Committee draft annual report for 2022-23 which will be presented to the Board on 30 November 2023 for final approval.

### 5122 5.2/ TO RECEIVE THE BURSARIES WORKING GROUP ANNUAL REPORT 2022-23

5123 The Committee was reminded that the Bursaries Working Group was formerly a sub-group of the Finance Committee and is now managed internally. Oversight remains, however, within the Finance Committee's remit. A draft annual report for the 2022-23 academic and financial year was presented in paper 5.2.

5124 AW commented that the BWG continues to do a good job of distributing the funds available out of the interest earned on the £2M ringfenced for this purpose (thus preserving the capital). The Committee **NOTED** the work achieved by the Bursaries Working Group in the 2022-23 year and the number of bursary awards made. It welcomed the Committee's focus on monitoring success rates of those in receipt of bursaries. The Committee also **NOTED** the continuing work to align the allocation of undergraduate bursaries to the objectives of the Access and Participation Plan, which whilst necessary, has had a detrimental effect on the funds available for international students.

5125 The Committee **APPROVED** the Bursaries Working Group Annual Report for 2022-23 and expressed its formal thanks to the Bursaries Working Group members for their work over the year.

### 5126 5.3/ BANK AUTHORISED SIGNATORIES

5127 A list of UCEM bank authorised signatories and approval levels is reviewed by the Committee annually. Papers 5.3 and 5.3a outlined the mandate as it currently stands. No amendments to authorisation levels or personnel were proposed this year excepting the transfer from the previous Honorary Treasurer (Jat Brainch) to the new Honorary Treasurer (Graeme Scott), some of which remains ongoing, and it was presented for re-approval.

5128 JK noted the need to provide a signature for Stephen Jackson to Sarasin for the investment account. JK was also asked to update the document to demonstrate that dual authorisation is actually required.

**ACTION: Update the Bank Authorised Signatories sheet with the agreed amendment and provide a signature to Sarasin for Stephen Jackson. [JK]**

5129 The Committee **APPROVED** the signatories and approval levels for UCEM bank accounts as outlined in paper 5.3a, noting that some accounts still require the conclusion of the transfer between the previous Honorary Treasurer (Jat Branch) and the new Honorary Treasurer (Graeme Scott).

## 6) ANY OTHER BUSINESS

### 5130 6/ ANY OTHER BUSINESS

5131 The Committee formally thanked Alastair Martin, in absentia, for his service on the Committee over the last six years – his term of office as a Trustee will conclude at end November 2023.

5132 No other matters of business were raised, and the Chair thanked all members for their attendance at the meeting.

## 7) MEETING CLOSE

5133 The Treasurer closed the meeting at 15.22pm.

5134 The date and time of the next Finance Committee meeting will be Thursday 29 February 2024 from 10.00am-12.00noon.

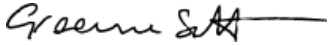
## 8) MATTERS FOR NOTING

5135 The Committee **NOTED** the update on the closure of UCEM Courses Ltd provided in paper 8.1 which ceased trading on 31 July 2023 with all assets transferred to UCEM. The company is now in the process of being wound up, with advice from Mazars on this process being taken.

5136 The Committee **NOTED**, as per paper 8.2, the final sum of £518,390 was paid by UCEM to UCEM Asia Ltd and **NOTED** that a letter to this effect was signed by the Chair of the Board of Trustees on 22 September 2023. The Committee was reminded that in order for the audit work to be completed in good time a provisional sum of £553,000 had been approved by the Committee and therefore this final sum approved represents a reduction overall.

5137 The Committee **NOTED** paper 8.3 which provided the latest Sarasin & Partners Quarterly Performance Report and Overview.

5138 The Committee **NOTED** paper 8.4 which provided an overview of the recurrent grant funding and capital funding being provided to UCEM by the Office for Students for 2023-24.

Signed   
Name Graeme Scott  
Position Chair of Finance Committee / Honorary Treasurer  
Date 21 March 2024