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**Minutes of Finance and Resources Committee**  
**Held on Friday 25 February 2022 in Francis House, Norwich, commencing at 14.00**

**Present**

Mr A Grimbly (Chair)  
Mrs A Ferguson  
Mr M Jeffries  
Prof. S Ofield-Kerr  
Mr I Watson

**In attendance**

Prof. L Anderson, Pro Vice Chancellor (Academic), NUA  
Mr S Belderbos, Director of Finance and Planning, NUA  
Mrs A Robson, Deputy Vice Chancellor  
Mr D Williams, Clerk

**Apologies**

There were no apologies

**1. MINUTES OF THE LAST MEETING**

The Minutes of the meeting of the Finance and Resources Committee held on 01 November 2021 and Minutes of the joint meeting of the Audit Committee and the Finance and Resources Committee on 01 November 2021 were agreed and signed by the Chair.

**2. MATTERS ARISING FROM THE MINUTES**

There were no matters arising.

**3. FINANCIAL MANAGEMENT**

**3.1. Financial Report**

The Director of Finance introduced the Financial Report, February 2022.

Since the drafting of the report there had been some important policy announcements, which would, or could, impact the University's future financial performance. The government had published its response to the Augar Report, and the Office for Students (OfS) was consulting on "low quality courses".

OfS were proposing to adopt a set of minimum course outcomes that universities would be expected to achieve with regard to the rates of continuation, progression and employment of students. OfS would assess outcomes at subject level, rather than for the institution. Institutions whose provision failed to meet the outcome thresholds, would have the opportunity to submit contextual information to explain their performance. Nevertheless, OfS would retain the ability to impose sanctions on institutions, where they judged performance to be inadequate.

The government responses to Augar included changes designed to reduce the cost of higher education to the Treasury. Undergraduate tuition fee rates would remain fixed at their current level until to the end of 2024/25 academic year. The terms for repaying undergraduate student loans would change. In future students would be expected to start repaying loans from a lower earnings threshold. Loans would be re-paid over a

period of up to 40 years, with the costs of student loans (interest) rising each year by the retail price index (RPI); less that under the current system. In addition, the government was consulting on the possible adoption of minimum eligibility requirements to allow students to gain access to funding provided through the student loan company. The changes could act as a disincentive for students from low-income backgrounds applying to university.

The government was proposing to reduce the fees for Foundation Years. It believed that the fee charged for Foundation Years for Home Students should be set to the maximum level charged by Further Education Colleges (FECs). The fee charged by FECs was £5,197 per annum, against the current fee of £9,250 charged by higher education providers. Based on current student numbers, should the government's proposal be implemented, it would reduce the University's income by c.£800k per annum.

The University's forecast surplus for the year stood at £3.649M and was similar to the budgeted surplus (£3.508M) and the estimate made for the October 2021 Finance Report (£3.458M).

The financial forecasts for subsequent years did not reflect all aspects of the University's new strategic plan. The forecasts continued to be based on a "steady state" and did not include the income and all of the expenditure likely to arise from the adoption of the new strategic plan. Expenditure already incurred (e.g. additional international posts) was included. The modelling continued the University's policy of not incorporating income or expenditure until it was certain.

The forecasts for future years were prudent and might be considered a worst case scenario. As a consequence, the projected surplus-to-income ratio was shown to be falling in future years.

The Committee explored the level of surplus-to-income required for sustainability. It was noted that it important to examine sustainability by not only looking at the operating surplus, but also the cash flow surplus. For 2022/23 onwards the University's cash surplus was higher than its operating surplus.

The balance sheet remained very healthy.

The Committee noted the report.

The Chair thanked the Director of Finance for his presentation of the Financial Report.

### **3.2. Financial Strategy Annual Report**

The Financial Strategy had originally been developed in 2016. A revised financial strategy would be developed as one of the enabling strategies to support the implementation of the University's new corporate strategy. It was agreed that the new financial strategy would be considered by the Committee at its scheduled meeting in the autumn of 2022.

**Chief Operating Officer/Director of Finance and Planning**

The annual report detailed progress against the financial strategy targets for the year 2020/21.

The majority of the financial targets had been achieved. Only three targets were “not achieved” with, in addition, two no-longer needing to be reported to OfS.

The Committee noted the report.

### **3.3. Undergraduate courses: income and academic staff costs**

All undergraduate courses made a positive financial contribution after academic staff costs to the University.

The presence of international students boosted course income. Fewer studio hours or reduced levels of teaching in small-groups reduced course costs. Similarly, the relative use of substantive and part-time hours, the seniority of substantive staff and course numbers were additional factors influencing costs.

In addition to financial performance, it was important to consider non-financial factors when assessing individual courses. Non-financial factors included graduate employability and course reputation.

The programme strategy of grouping together related courses was noted.

There was inevitably some element of cross-subsidy between courses, especially when new courses were in their infancy. However it was important the cross-subsidy did not become permanent and could be reassigned to support emerging areas of activity.

Course leaders fully understood the importance of student recruitment in driving course income, and the need to give careful attention to staff costs.

It was noted that the full-costing of courses was likely to offer a different perspective.

The Committee noted the report.

## **4. FINANCIAL REPORTING AND COMPLIANCE**

### **4.1. Financial Regulations – annual review**

The Committee received the annual review of the Financial Regulations. Following review only minor changes were proposed.

The forthcoming changes to senior management personnel would necessitate further amendments to Financial Regulations. This work aligned with a recommendation made in the recent review of the University’s governance. A revised set of Financial Regulations would be considered at the Committee’s scheduled meeting in the autumn of 2022.

### **Chief Operating Officer/Director of Finance and Planning**

The Committee approved the proposed changes to the Financial Regulations.

#### **4.2. TRAC return**

The Committee reviewed the University's TRAC return for 2020/21 and the information to be submitted to the OfS.

The Committee approved the submission of the TRAC return and confirmed the University had complied with the Statement of Requirements.

**Director of Finance and Planning**

### **5. TREASURY MANAGEMENT**

#### **5.1. Treasury Management Annual Report**

The Committee received the annual report on treasury management. The low rates of return on the University's cash deposits in 2020/21 reflected falling market rates of interest.

The Committee received the annual report and approved the revised Treasury Management Policy.

### **6. ESTATES**

#### **6.1 Estates development**

The Committee received an update on the acquisition of Bank Plain and the completion of Duke Street Riverside (DSR).

The University was waiting to exchange contracts on the purchase of Bank Plain. This had been held up by the title deeds for the building not having been kept up-to-date at the Land Registry. Two charges need to be removed. The University's solicitors were checking daily with the Land Registry to see if the title was now unencumbered. Once this is confirmed the exchange of contracts would take place. This should happen shortly.

The University was anticipating the purchase of Bank Plain and identifying actions it would undertake post completion. These included securing the building, physical access and the review of the information technology infrastructure. The building would receive limited re-branding, pending completion of the on-going work on the University's brand.

As a Director of RG Carter Holdings Limited, Mr Jeffries declared an interest in the item on DSR, and offered to leave the meeting should the committee deem any aspect of the item to be commercial-in-confidence. As the item was for information only, members did not consider it necessary for Mr Jeffries to leave the meeting.

There were two key outstanding "snagging" issues, which were preventing progression in the final contract sum negotiations. It was hoped that finalisation of the contract sum negotiations could be concluded while the Deputy Vice-Chancellor (DVC) was still in post. After that, the new Chief Operations Officer would require time to "read in" and pick up the negotiations.

Following a recommendation made by the governance review, it would be helpful for the Committee to receive a paper on the University's estates strategy at a future date. The paper would provide high-level detail as per an estates master plan.

**Chief Operating Officer**

**7. ANY OTHER BUSINESS**

The Deputy DVC was attending her final meeting of the Committee before leaving the University at the end of March 2022. The Committee placed on record its gratitude and thanks to the DVC for her significant contribution to the work of the University.

**8. DATE AND TIME OF THE NEXT MEETING**

It was confirmed that the next meeting of the Committee would take place on Friday 10 June 2022 commencing at 14.00.