

NORWICH UNIVERSITY OF THE ARTS

Minutes of Finance and Resources Committee Held on Monday 01 November 2021 in Francis House, Norwich, and commencing at 11.30

Present

Mr A Grimby (Chair)
Ms A Ferguson
Mr M Jeffries
Prof. S Ofield-Kerr

Mr S Belderbos, Director of Finance, NUA
Mrs A Robson, Deputy Vice Chancellor
Mr D Williams, Clerk
Ms A Hynes (Observer)

In attendance

Prof. L Anderson, Pro Vice Chancellor
(Academic), NUA

Apologies

Mr I Watson

WELCOME

The Chair opened the meeting.

APPOINTMENT OF VICE CHAIR

Ms A Ferguson was appointed to the position of Vice Chair.

TERMS OF REFERENCE

The terms of reference were confirmed

1. MINUTES OF THE LAST MEETING

The Minutes of the meeting of the Finance and Resources Committee held on 04 June 2021 were agreed.

2. MATTERS ARISING FROM THE MINUTES

Item 4.1 Mr Peter Robson had been co-opted onto the Investment Committee.

Item 7.1 The University had been informed it would receive £200k of Knowledge Exchange (KE) funding for the year. This was new funding for smaller providers and was intended to build capacity to address new government priorities. It was allocated across providers eligible for, but not currently in receipt of, HEIF funding. The VC also indicated he planned to share further insight on a knowledge exchange project he was aware of to aid members of the Council in their general understanding.

3. FINANCIAL REVIEW

3.1. Financial Report

The Director of Finance highlighted some of the key features and assumptions detailed in the October 2021 Financial Report.

The University had recruited 921 new Home undergraduate entrants in 2021, an increase of 10% on 2020. The size of the intake was ahead of the 840 assumed in June 2021 Financial Report and budget.

For the forecast period to 2025/26 the “steady state” number of Home undergraduate new entrants each year had been raised to 921. The number would be kept under review and adjusted if required. While the annual intake of new entrants was assumed to remain unchanged at the level, over time the cumulative effect would be to increase the size of the student body.

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The recruitment of international students, had seen the number of undergraduate new entrants rising for 72 (2020/21) to 112 in the current year. Further growth was anticipated for each of the subsequent years of the forecast period.

Members enquired as to the University's capacity to achieve the modelled increase in student numbers within the current resource envelope. There was some capacity within the existing physical resource base for more extensive delivery in the evenings and at the weekend. However, it was important to look at the total resources envelope required to support a larger student body, and to consider the future delivery model for courses. The equipment base required to support industry-standard learning was an also important consideration. There was considerable variation in the resource needs between courses.

The surplus outturn for 2021/22 was forecast to be £3.48M, similar to the original budgeted surplus set in June of £3.50M. While tuition fee income had increased, so had expenditure. The rise in expenditure included an updated estimate of the University's liabilities in connection to the Local Government Pension Scheme (LGPS), a number of new staff posts and some higher fit-out costs for Duke Street Riverside (DSR).

Over the forecast period to the end of 2025/26, the University income was modelled to grow by 9%, with expenditure rising by 17%. At the end of the forecast period, the surplus-to-income ratio was forecast to fall to 6%. This was above the current average for higher education providers. The modelled projections highlighted the need to keep growing the size of the University whilst maintaining appropriate control of costs.

As a result of spending on fixed assets (£12.8M), largely in connection with DSR, there had been a cash outflow of £3.26M in 2020/21. A cash inflow of £2.0M was projected for 2021/22, with further cash inflows of up to £4.0M in each of the subsequent years of the forecast period.

The balance sheet remained strong, with cash rising from £30.6M in 2020/21 to reach £48.0M in 2025/26.

It was noted that the University strong financial position, not least in comparison to many other higher education providers, enabled strategic choices to be made, rather than having strategy dictated by financial circumstances.

The Committee noted that there would be a need to update the financial forecasts to reflect the decisions made with regard to the strategic plan.

While acknowledging that financial outcomes are not the only driver for decisions made by the University, it would be potentially helpful to receive information about the balance between income and expenditure in respect of different course areas and activities.

Director of Finance

It was noted that the terms and conditions of the bank loan precluded its early pay-off. However, this was subject to regular review.

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The Chair thanked the Director of Finance for his report.

The Committee noted the Financial Report.

4. REPORT FROM THE INVESTMENT COMMITTEE

The Investment Committee had met for the first time. Since the meeting Ms A Ferguson had agreed to become a member of the Committee.

The Committee had agreed to take a phased approach to investing, and not to invest £10M all at once.

It was agreed that the Minutes of the Investment Committee would be included in the papers from the Finance and Resource Committee which went to Council.

Clerk

The Minutes of the Investment Committee were received.

5. ESTATES

5.1. Estates Development

The DSR development was now finished. There were a number of outstanding snagging matters, which were receiving attention.

Feedback on DSR from both staff and students had been highly positive.

The Committee noted the report.

6. COMMITTEE CONVENING

The Committee's preference was to meet in person.

7. ANY OTHER BUSINESS

There was no other business

8. DATE AND TIME OF THE NEXT MEETING

It was confirmed that the next meeting of the Committee will take place on Friday 25 February 2022 at 1400.