# NORWICH UNIVERSITY OF THE ARTS

**Minutes of Finance and Resources Committee**

**Held on 30 October 2023 in the Boardroom, Cavendish House, commencing at 13:00**

**Present**

Mr A Grimbly (Chair) Prof. S Ofield-Kerr Mr I Watson

## In attendance

Mrs A Beckett, PVC (Student Experience) and Academic Registrar

Mr J Smeeth, Chief Operating Officer

Mr S Belderbos, Director of Finance and Planning, NUA

Mr J Smeeth, Chief Operating Officer Ms A Mulcairn, Deputy Clerk

## Apologies

Ms A Ferguson Mr M Jeffries

# WELCOME

The Chair opened the meeting.

*To allow the University’s Annual Report and Financial Statements 2022/23 to be discussed, members of the Audit and Risk Committee joined the meeting for the Financial Statements items only. Minutes of the joint meeting are included below.*

# FINANCIAL STATEMENTS – JOINT MEETING

## Minutes of the previous meeting

The minutes of the joint Audit and Finance and Resources Committee meeting held on 31st October 2022 were approved.

## Commentary on the financial statements 2022/23

The Director of Finance and Planning introduced the commentary on the financial statements for 2022/23

The income for the year was up by 8% and expenditure was up by 18% due to the investment in capital projects in previous years and the University’s rebrand. Staff costs were rising due to inflationary pressures. Cash contributions to pensions had also increased from 21.1% to 24.4% in April. There had also been investment in student- facing resources, workshops, IT security and the ongoing costs of the Bank Plain development.

Tuition fee income increased by 3% although fees remained fixed for Home Undergraduate students. Good results in the Research Excellence Framework (REF) had resulted in increased research funding and grant income.

A further £5M had been put into the investment portfolio which had seen lower than expected returns to date due to the composition of our portfolio and general market conditions. Our overall cash and investments had gone up by £1.8M, largely as a result of the surplus generated from operating activities exceeding capital spend.

Grants had been secured from the Office for Students (OfS) and the Arts and Humanities Resource Council (AHRC) for three capital projects including the Immersive Visualisation Lab.

There was a surplus recorded on Local Government Pension Scheme (LGPS) liabilities of £2.2m. There was no right to a refund but there was potential for reduced contributions in the future, so a nil surplus was recorded in the statements. Net assets were therefore up by £8.5m due to the movement on the LGPS liability.

Against the sector, the University had recorded another good year and the Committee was confident for the future given the relatively strong financial position of the University.

## Financial Statements for NUA 2022/23

The Director of Finance and Planning presented the Financial Statements for year ending 31 July 2023.

Attention was drawn to the strategic focus on EDI, Health and Safety and Sustainability.

The Committee was confident that the University had sufficient funding in place to meet its liabilities and comply with debt covenants for a period of at least 12 months from the date of signing of the financial statements.

The Committee noted that financial assumptions required by FRS 102.28 reported an improved pension position. This was due to an increased discount rate that had reduced liabilities, and because the pension deficit had become a surplus but was unable to shown they could get a full refund of monies paid in, the scheme was recognised in the balance sheet at £nil . The Committee requested that the phrasing on page 55 be updated to reflect this.

## Director of Finance and Planning

The joint committee commended the Financial Statements to Council for approval.

## HW Fisher – External Auditors Report 2022/23

The external auditor confirmed that their audit was almost complete and the Committee confirmed to the external auditors that there were no concerns in relation to fraud, going concern or whistleblowing.

There was one minor amendment to the control points, and the auditors confirmed that the final report would be issued shortly. They recommended potentially delaying the joint October meeting for future years to ease the burden of work and give time for final reports to be submitted in future.

## Chair/Clerk

The external auditors were satisfied that the audit went according to plan, and although the LGPS surplus was unusual, they were confident with the conclusion to recognise the overall position as £nil.

The joint committee commended the external auditors report for 2022/23, and thanked the auditors for the work undertaken.

## Draft Management Representation Letter from HW Fisher

The Committee noted that the federal loan work is almost complete.

The external auditors highlighted the additional working around the recognition of the pension surplus and confirmed that the accounts were in line with compliance requirements.

The committee commended the representation letter and approved for signing by the Chair of Council.

# CLOSURE OF THE MEETING

The Chair thanked all attendees for their participation in the meeting, and drew attention to the extensive work of the internal and external auditors and the University’s finance team in finalising the financial statements.

*Members of Audit and Risk Committee left the meeting at this point, and the Finance and Resources Committee meeting resumed*

# APPOINTMENT OF VICE CHAIR

Ms A Ferguson was appointed to the position of Vice Chair. A new Vice-Chair would be appointed once Ms A Fergusons assumed the role of Chair in May 2024.

**Clerk**

# TERMS OF REFERENCE

The terms of reference were noted

# MINUTES OF THE LAST MEETING

The meeting approved the minutes of the meeting held on 9 June 2023

# MATTERS ARISING FROM THE MINUTES

There were no matters arising.

# INVESTMENT COMMITTEE

## Annual report from Investment Committee

The Director of Finance and Planning introduced the report, noting that this was the first time F&R Committee had received this report.

The Committee noted the disappointing performance of the investment fund in the current economic climate, but agreed that the current strategy and long term approach to investment remained appropriate as there was potential for improved returns.

The Committee discussed the risk profile and confirmed it remained appropriate for the investment strategy.

The details of investments should be redacted from future reports to ensure that the potential for conflicts of interest for members was minimised.

## Clerk

The Committee would continue to monitor the risk profile of the Investments Committee.

## Minutes of the meeting of the Investment Committee

The Committee noted the minutes of the Investment Committee held on 7 September 2023.

# FINANCIAL REVIEW

## Financial Report

The Director of Finance and Planning introduced the Financial Report.

The Committee noted the significant number of capital projects and the need for staged investment to control cash flow and depreciation. The Committee thanked management for the responsive and impressive work on the Bank Plain project which had produced successful results already.

The Chair noted the ambition of the University strategy over the next two years, and the Committee discussed how investments could be scaled up/down to ensure that strategic aims were achievable. Portfolio expansion should be accelerated where possible, and plans were already in place to invest in international recruitment. The Committee noted the positive role that the recent TEF triple gold result would have on recruitment in the next couple of years.

Over the lifetime of the strategy, the University will be no worse off in terms of cash flow due to careful management of finances. The University budget planning meant that there was usually a surplus at the end of year. The Committee encouraged departmental heads to identify areas of investment spend and potential areas for saving in their areas when setting budgets for the next financial year.

## Financial Regulations

The committee received an update to the University’s Financial Regulations from the Director of Finance and Planning.

The regulations had been updated to reflect the audit on the tendering process for large acquisitions.. The Committee noted that the capital project procedures were being reviewed by the Chief Operating Officer.

The Committee approved the changes to the Financial Regulations.

# ESTATES

## Estates Report

The Chief Operating Officer (COO) presented the Estates Report.

Work on Bank Plain was ongoing and included the refurbishment of internal electricity supplies and heating. The working group for the Creative Tech Lab had produced impressive results. The offer had been accepted on Rochester Court and the COO confirmed that exchange was scheduled to be completed at the end of November after Council had signed the accounts. The Estates Strategy was being worked on and will go to the February meeting for approval.

# ANY OTHER BUSINESS

There was no other business

# DATE AND TIME OF THE NEXT MEETING

It was confirmed that the next meeting of the committee will take place on Friday 24 February 2023 at 1400.