Minutes of the Finance Committee – Monday 24 April 2017

Present: Mr Jeremy McIlroy – Chair Mr David Williams
Mr Iain Ross Mrs Margaret Jack
Mr Gurpreet Dehal Mr Nick Perryman
Professor Paul Layzell Professor Rob Kemp
Mr Stephen Avery Dr David Ashton

In Attendance: Mr Stephen Cox Chair of Council
Ms Tasha Barrett Students’ Union President
Mrs Jenny Febry - Secretary Deputy Chief Financial Officer

Observer: Ms Ann Ewing

1 APOLOGIES

There were no apologies for absence FC/17/63

2 MEMBERSHIP

NOTED that there were no changes in membership. Ms Ann Ewing was welcomed to the meeting as an observer. FC/17/64

3 MINUTES

NOTED that the minutes of the Meeting (FC/17/01-FC/17/62) held on 9 February 2017 had been approved by circulation. FC/17/65

4 MATTERS ARISING FROM THE MINUTES

NOTED that the revised Terms of Reference of the Finance Committee had been APPROVED by Council on 22 February 2017 FC/17/66

5 DECISIONS AGREED BY CHAIR’S ACTION AND BY CIRCULATION SINCE THE LAST MEETING

NOTED that there had been no decisions agreed by Chair’s Action or by Circulation. FC/17/67

MAJOR ITEMS FOR DISCUSSION AND DECISION

It was AGREED to postpone the paper on Enterprise Activity FC/17/21 for discussion until the Finance Committee of 8 June 2017. FC/17/68

6 FINANCIAL STRATEGY

RECEIVED a report on the College Financial Strategy. FC/17/69
The market for students had become more competitive and the student experience was crucial to recruitment. Competitor universities had invested substantially in their estates in recent years including £36m on sports facilities at Surrey and £25m on IT systems at Reading.

College had underinvested for many years and was now planning not only to establish a sustainable estate plan for the future but also to make up for previous under investment.

Based on the agreed Master Plan, College had developed an Estates Plan which projects £400m of investment over the next ten years. The Estates Plan would continue to develop but it must do so within agreed financial parameters to prioritise and ration capital projects.

Financial plans anticipate an ongoing generation of cash to fund c£30m per annum of capital investment which left a £100m shortfall to be funded.

There were various options including development of Rusham Park, perhaps with an external provider for student residences and affordable housing for staff and third parties. Kingswood had value for housing. An asset transfer from Kingswood to Rusham Park could be considered, with a short term agreement with the third party building student accommodation on the old Brunel site providing accommodation in the interim.

Options for short term and longer term finance include a residences transactions on the new residences with a revolving credit facility to bridge short term cash flow issues.

It was requested that a long term cash flow was provided to the next Finance Committee incorporating the potential capital receipts and payment. Additionally the effect of a residences transaction on the College’s balance sheet should be presented and the effect on College’s loan and other covenants.

It was also requested that the major risks were summarised with mitigating activities. It was noted that there was an ongoing risk related to the USS pension deficit.

It was decided that a modified report addressing the points raised would be presented to the Finance Committee of 8 June 2017. The financial strategy would then be submitted to the July Council meeting for discussion.

CAPITAL PROJECTS

RECEIVED a recommendation from PRC regarding the total refurbishment of Runnymede 1 at a cost of £2.5m, improvements to communal areas in Gowar, Wedderburn, Williamson, Tuke, Butler and Runnymede 2 at a cost of £2.1m and a backlog of mechanical and engineering works (M&E) in various residences at a cost of £1.4m. These figures included a contingency of 5% on pre-tender estimated costs.

The refurbishments to Runnymede 1 and communal areas were required to be completed over the summer; the M&E works could be completed during term time.

The expenditure was APPROVED.

ANY OTHER BUSINESS

There were no items of other business not covered elsewhere on the agenda.
9  PUBLICATION

9.1 AGREED that none of the agenda items require broad dissemination around College. FC/17/83

9.2 CONFIRMED the designation of papers as exempt from the Freedom of Information Act requirements. FC/17/84

DATE OF THE NEXT MEETING

Thursday 8 June 2017 at 1pm in the Principal’s Meeting Room. FC/17/85

J Febry
Deputy Chief Financial Officer
2 May 2017