

NEWMAN UNIVERSITY

Finance and General Purposes Committee

**Minutes of the Meeting held on Monday 3rd September 2018 at 2.30pm
in the Directorate Meeting Room.**

Present :	Mr S Kenny	Chair
	Dr J Carlisle	(By phone)
	Mr J Day	Chair of Council (by phone)
	Professor S Davidson	Vice-Chancellor
In Attendance:	Ms A Bolshaw	Clerk to the Council
	Mr A Sharma	Director of Finance and Corporate Services
	Ms J Flowers	Minute Secretary

1. Apologies

There were no apologies for absence.

2. Standing Item – Declaration of Interest

There were no declarations of interest.

3. Minutes of the Meeting held on 8th March 2018

The minutes of the meeting held on 8th March 2018 were received and considered.

Resolution FGPC 8/2018

To accept the minutes of the meeting held on 8th September 2018 as a correct record of the meeting.

4. Matters arising

4.1 Minute 4 - Templeton Grant

The Vice-Chancellor reported that the Centre for Science, Knowledge and Belief in Society (CSKBS) had been wound up and members of the CSKBS had been offered voluntary redundancy, which all had taken. Another University had expressed an interest in taking on the research staff for the period of the grant. The process had been well managed by the Director of Human Resources and the Deputy Vice-Chancellor cordial relations remained with the researchers and there had been no significant reputational damage.

4.2 Minute 5.2 – University Budget

The special meeting of the Committee in September had been arranged.

5. 2017/18 Year End Update

The Committee received a report which gave an update on the year-end position and draft management accounts for 2017/18. Speaking to the report, the Director of Finance and Corporate Services advised that the year-end position was broadly in line with expectation, with a surplus of £544,000 achieved as compared to the budget of £602, 000 and a recent forecast of £600,000. This latter had been forecast before the restructuring costs incurred (£376,000) from the closure of the CSKBA and of a reduction of academic staff in the business studies area from nine to five. To cover the costs of restructure, there had been a decrease in discretionary expenditure including estates maintenance related expenditure.

A more detailed report would be submitted to the October meeting of the Council.

The report was received.

6. Finance Matters 2018/19

6.1 Application and Recruitment 2018/19

The Clerk to the Council presented a written report showing the latest information on applications and recruitment for September 2018. She reported that Clearing had been positive and that intensive recruitment activity efforts were continuing to ensure that that applicants were converted to enrolments. The daily figures were distributed across the University and the ULT discussed them at its weekly meeting. The Recruitment Group had met earlier in the day to discuss the figures and the wider strategic issues. Steps were continuing to be taken to improve student retention.

Reviewing the position, she noted that there had been a 7.1% decrease in applications from the previous year which reflected the situation across the sector, although some institutions had suffered much greater decreases. She gave an update on the figure for single and joint honours which had now reached 537 and it was hoped that this figure would rise to 600. There had been an increase in applications to the Foundation Year which this year had recruited through UCAS (rather than just being available at clearing) and had been more proactively publicised. It was hoped that enrolment to this would follow the pattern of the previous year and increase further over the next few weeks. The Committee observed, however, that Foundation Year students produced lower fee income and that they required additional support. It noted that the University was investigating the most appropriate fee level for the Foundation Year which would be implemented for the 2019/20 recruitment cycle because fees had already been advertised for the cycle in which the University was about to embark upon (2018/19)

There were a further fifty possible ITE entrants once these applicants had completed their skills tests and had received DBS and health clearance. Due to changes in Government policy on the number of attempts at the skills tests, there had been insufficient slots available for students particularly in the West Midlands and this had led to delays in applicants being able to take the tests.

The Committee welcomed the more optimistic picture than previously suggested, but noted that a clearer picture would be available in October.

The Report was noted.

6.2 2018/19 Budget

The Committee received a paper giving an update on the 2018/19 budget.

The Director of Finance and Corporate Services reminded the Committee that in April 2018 the University had felt that income was likely to be significantly lower than had previously been estimated. During June and July costs had been revised and reduced in line with anticipated income. A 2.5% surplus was being budgeted. He drew attention to the table with columns comparing the budget approved in June 2018 (Column 1) with the budget estimate given to the Council in June 2018 (Column 2) and the budget being adopted by the University Management (Column 3). The changes between column 2 and column 3 were due to the closure of the CSKBS and savings in pay and non-pay. He outlined the position with regard to capital, cash and loan finance.

Staff costs were high and there were £350,000 savings in the budget that had yet to be identified. The savings were likely to come through continued vacancy savings and better control over the casual work force. A key theme of the sustainability plan would be how to address pay costs and to better align them to the long term sustainability of the University.

The budget for capital expenditure covered the completion of the Darwin refurbishment and £200,000 for minor works. The Estates Strategy would be paused pending the new Strategic Plan.

Cash flows were expected to be tighter during the next 12-18 months because of reduced income but measures were being taken to protect cash; for example, by pausing further development of the estate.

The University was considering whether to extend the current RCF (which was in place until August 2019) by a further 12-18 months or to convert to a term loan and discussions were taking place with banks.

In terms of the Finance Strategy Objectives, the surplus was just under the objective, the pay objective had been achieved, borrowing was at a reasonable level and the liquidity objective had been achieved.

The principal risks were as in previous years but it was more critical that students were recruited to budget, in large part, because budgets had already been reduced.

The Committee then discussed the following points.

Total income in the revised budget had fallen from £24,150,077 to 22,256,077 which was a significant reduction. The Committee asked how this had been communicated to staff. The Vice-Chancellor said that from the

beginning of the calendar year staff had been given a consistent message about the challenges of the demographic and the capping of the tuition fee. Staff had then been advised of the potential budget shortfall and discussion with staff groups had taken place before the summer. The position was still fluid at the moment and he felt it important to give an accurate picture and this would be available from the middle to the end of October. As the sustainability plan became finalised he would roll this out on a phased basis, communicating with staff both in writing and in presentations. University management would ensure that information about the savings achieved would be presented to staff in an easily digestible form.

The Vice-Chancellor explained the purpose of the strategic investment fund, which was to promote activity which generated new income. He gave examples of its use: for example, in 2017/18 to support the development of the Foundation Year and in 2018/19 to support the development of Law as a new area of the curriculum.

It was noted that the financial constraints were sector wide and it was understood that other institutions were managing costs by reducing capital developments, by staff redundancies and programme closures.

Resolution FGPC 9/2018

- 1) To endorse the revised budget
- 2) To recommend to the Council that this revised budget be adopted by the Council at its meeting on 6th September 2018.

6.3 Financial Forecasts

The Committee received and reviewed the revised 2018 financial forecasts and associated commentary. The Council had received a set of financial forecasts in June 2018 and resolved to receive an updated set at the meeting of the Council in September 2018.

The Director of Finance and Corporate Services outlined the key assumptions underlying the financial forecasts: that the reduction in full time honours degree student numbers in September 2018 was exceptional and that in future years would be restored to around 500; a modest growth in full time student numbers of 3% per annum; a pause in the capital programme pending the new Strategic Plan; pay costs to remain at 63% of turnover with staff cost pay related pay inflation of 3% per annum; efficiency gains of £750,000 per annum; maintenance of a surplus or around 2-3%.

The Committee discussed matters arising from the Forecasts as follows.

In an era of flat tuition fees it was necessary for the University to grow. It was felt that growth was possible because of steps that would be taken to improve student recruitment and retention. Changes to the Committee structure would allow the use of data in a more constructive way and for action to be taken if shortfalls were identified. In addition to aiming to recruit more students to existing programmes, it was intended to develop new

programmes in areas where market research showed a significant number of local and national applicants. Three prospective programmes were in preparation for September 2019.

The Committee felt it important that new programmes were developed in areas where the University was distinctive and where it had a competitive advantage. The Vice-Chancellor confirmed that this would be addressed in the sustainability plan.

Resolution FGPC 10/2018

To endorse the financial forecasts and commentary for approval by the Council at its meeting on 6th September 2018.

7. Any Other Business

There was no other business.

8. Date of Next Meeting

7th November 2018.