

NORWICH UNIVERSITY OF THE ARTS

**Minutes of Finance and Resources Committee
Held on Monday 26 October 2020 using Microsoft Teams**

Present

Mr M Jeffries (Chair)
Mr A McMenemy
Mrs A Robson

Apologies

Prof. N. Powell, Pro Vice Chancellor
(Academic), NUA
Mr I Watson
Mr T Wilson

In attendance

Mr S Belderbos, Director of Finance, NUA
Mr D Williams, Clerk

WELCOME

The Chair opened the meeting.

APPOINTMENT OF VICE CHAIR

Mr I Watson was appointed to the position of Vice Chair.

TERMS OF REFERENCE

There were no changes to the terms of reference

1. MINUTES OF THE LAST MEETING

The minutes of the meeting of the Finance and Resources Committee held on 12 June 2020 were agreed.

2. MATTERS ARISING FROM THE MINUTES

There were no matters arising.

3. FINANCIAL REVIEW

3.1. Financial Report

The Director of Finance highlighted some of the key aspects of the October 2020 Financial Report.

The report showed the financial impact of Covid-19. The hybrid model for delivery of teaching and learning had resulted in a number of additional costs. To achieve adequate social distancing duplicate teaching and workshop sessions were being run, with, in addition, students being provided with access to specialist facilities and technician support on weekday evenings and on Saturdays. Additional expenditure had also been spent on computer licences to allow students access to software when off-campus; the bringing forward of financial payments to recipients of the University's bursary scheme; and from the enhanced cleaning schedules of physical spaces.

The University was mindful of the financial impact should there be another national lockdown. Having set a precedent during the first lock-down by waiving rents on the residential accommodation it controlled, it was likely that the same policy would be followed should a further lockdown occur.

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The committee noted that to date the financial impact of Covid-19 had amounted to less than 4% of total income. This compared with other higher education institutions for whom accommodating the impact of Covid-19 had amounted to up to 15% of income.

The outcome to undergraduate UK/EU student recruitment for 2020/21 had been very positive. The University had recruited 903 new entrants for the start of the academic year.

For the remaining years of the forecast period, 2021/22 to 2024/25, the University had modelled its financial forecasts using 840 new UK/EU UG entrants. The level of new entrants in the model would be kept under review and revised as further information on the pattern of student recruitment for 2021/22 emerged.

The University had communicated clearly with applicants as to the experience they could expect when enrolling with the University for the 2020/21 academic year. It was believed that this has positively impacted recruitment.

Since arriving on campus the new student cohort had been highly positive about being given physical access to the University facilities, and had readily adopted the behaviours required to minimise the risk of the transmission of Covid-19.

The committee explored changes in the undergraduate retention rate. The reduction in rate for 2019/20, reflected the decision by the University to terminate the enrolment of those students who had failed to resubmit the assessed work required. The Committee suggested that it would be helpful to add a footnote to the Financial Report to detail this factor.

Director of Finance

The outcome modelled for 2020/21 was for an operating surplus of £3.4M. This incorporated a rise of 8% (+£2.0M) in total income to £26.3M, and a 10% (+£2.1M) increase in total expenditure to £22.9M. The increase in total expenditure resulted from a rise in both staff (+9% year-on-year) and non-staff (+11.7% y-o-y) costs.

The largest factors driving the increase in staff costs (+£1.1M) were the actuarial adjustment to the pension LGPS scheme (+c.£340k) and additional costs of hourly paid teaching staff (+ c.£330k) required to support the growth in student numbers.

The rise in non-pay costs (+£1.0M) included higher student recruitment costs (+c.£180k), computer licences to allow access off campus by students (+c.£130k) and increased outreach activity (+c.£90k).

The committee noted that while the government was conducting a one-year public spending review, the Office for Students (OfS) required institutions to submit five-year forecasts. In addition, at the end of the current month, OfS were requiring institutions to submit an interim financial return based on last year's unaudited accounts and this year's financial projections. Both of these returns would be based on the figures contained in the October 2020 Financial Return. The committee approve the submission of both returns to the OfS.

Director of Finance

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Noting capital expenditure of £11.4M, largely incurred in relation to the Duke Street Riverside development, the committee reviewed the cashflow statement. Notwithstanding the continuing planned level of capital expenditure in future years, the University's cash reserves would remain at a very healthy level across all years of the forecast period. After a fall in 2020/21 in cash reserves, operating surpluses in subsequent years would strengthen further an already strong balance sheet.

The Director of Finance was continuing to explore the option of employing professional fund managers to invest some of the University's cash reserves in order to increase the rate of return received.

The Chair thanked the Director of Finance for his report.

The committee noted the Financial Report.

4. ESTATES

4.1. Estates Development

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

The Duke Street Riverside (DSR) development was currently running 9 weeks behind the original schedule. This reflected a combination of the impact of Covid-19, and the discovery of further high-voltage cables at several locations on the site and the finding of other obstacles in the ground.

The development was moving into a phase where the nature of the work made social distance more difficult. Similarly, some disruption in supply chains, especially for supplies procured from the North of England had been noted.

The contractor had instigated evening and weekend working in an effort to make-up time.

The completion date for DSR was very tight, with main concern being whether the student accommodation part of the development would be ready for occupation for the start of the 2021/22 academic year.

The committee explored whether there was any evidence that the impact of Covid-19 was adversely affecting the demand for student accommodation? The evidence locally, and nationally, was that this was not the case. Further, it continued to be the case that there was insufficient University-controlled accommodation to meet the demand from its first-year students.

The Committee noted the report.

The Chair concluded the meeting by thanking all members of the Senior Management team for their work in achieving a successful set of outcomes.

5. ANY OTHER BUSINESS

Vice Chancellor: Professor John Last

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There was no other business

6. DATE AND TIME OF THE NEXT MEETING

It was confirmed that the next meeting of the Committee would take place on Friday 26 February 2021 at 1400.