

# CANTERBURY CHRIST CHURCH UNIVERSITY

## MINUTES OF THE EXTRAORDINARY MEETING OF THE FINANCE AND RESOURCES COMMITTEE HELD ON MONDAY 21 NOVEMBER 2022 AT 2PM VIA MICROSOFT TEAMS

**Present:** Mr Clive Stevens (Chair), Mr D Bichener, Ms J Harding, Revd R Stevenson and Professor R Thirunamachandran (Vice-Chancellor)

**In Attendance:** Mr D Leah, Director of Finance and Chief Financial Officer (CFO)  
Mr S Gwynne, Director of Estates and Facilities  
Ms J Armit, Chair of the Governing Body  
Ms A Sear, University Solicitor and Clerk to the Governing Body  
Ms C Ford (minutes)

### **73. Apologies for Absence [Agenda: Item 1]**

There were no apologies for absence.

### **74. Declarations of Interest [Item 2]**

There were no declarations of interest in respect of any matters on the agenda.

### **75. Chair's Communications [Item 3]**

There were no additional communications from the Chair.

### **76. Matters Arising not appearing elsewhere on the Agenda [Item 4]**

There were no matters arising that were not covered elsewhere on the agenda.

### **77. Petros Court Update [Item 5]**

The Director of Finance and Chief Financial Officer (CFO) presented a paper updating the Committee on further discussions with the landlords of Petros Court, following the Committee meeting on 9 November 2022 [Paper P48]. The CFO said that the University Solicitor and the Director of Estates and Facilities had also been closely involved in the discussions and the paper. A discussion followed and some decisions were taken.

*Separate minutes have been taken regarding the discussion on several matters included in the paper deemed to be kept confidential from the published unrestricted minutes.*

### **78. OfS Financial Forecasts [Item 6]**

The CFO presented a paper including a simplified view of the University's financial forecasts which would be embedded in the Annual Financial Return (AFR) to the OfS,

subject to Governing Body approval on 29 November 2022 [Paper P49]. He said that these forecasts included a rebasing of future years' forecasts to reflect the first quarterly results for 2022/23 and revised forecast for the 2022/23 outturn, in order to incorporate the most recent information on student and partnership activity.

The CFO said it was clear that there would be significant growth in income and student numbers as a result of the University's partnerships. These had transformed the University's financial prospects for the next few years. The full implications of this growth had not yet been fully worked through. The forecasts needed to go to the OfS in the specified format by 1 December 2022, but the University would also be looking at its forecasts in more detail in light of various factors, including information received from DataHE and the University's future academic strategy for 2023/24 and 2024/25. The CFO said that the University strategy would not be premised on continuing non financially viable delivery in areas of weaker demand. He said that the OfS forecasts were based on a prudent position on directly delivered student numbers, and took account of the current political and economic uncertainty.

The CFO said that the University was confident about the projected growth in partnership activity and, if anything, was seeking to slow this down rather than accelerate it; the forecast showed an improving position over a three-year period, with a slight reduction at the end. This reflected the likelihood of one of the University's key partners (GBS) securing full degree-awarding powers, and the probability that the University would not find another partner of such significant size.

The projections also reflected an assumption of no increase to the maximum full time undergraduate tuition fee of £9,250 within the forecast period.

The forecasts reflected the levels of cost inflation predicted before the statement of the Chancellor of the Exchequer on 17 November; they would be revisited in the light of the most recent inflation figures.

The forecasts also assumed full draw-down of the University's revolving credit facility, although the CFO hoped that this would not be necessary.

The forecasts had been sent to the University's external auditors, who had recently used them to confirm the University's going concern status.

The CFO said that the full Governing Body would consider a version of this paper at their meeting on 29 November. The supporting financial spreadsheets would be put on the Governor intranet site. The forecasts would be submitted as required to the OfS after Governing Body approval on 29 November. The Chair of the Governing Body, the Chair of the Committee, and the Vice-Chancellor would subsequently be provided with the more detailed information required by the OfS by 9 January 2023, and would have delegated authority to approve it. A more developed set of financial forecasts would then be presented for approval to the Governing Body on 31 January 2023. This would be used as a basis for deciding the proportion of the revolving credit facility that should be drawn down as a permanent amortising loan, taking effect from April 2023.

The Chair thanked the CFO and acknowledged all the work that had gone into the paper. Governors raised the following points during discussion:

- Whether the University was sufficiently resourced, financially and otherwise, to support the significant growth in partnership activity.
- Whether members of the Committee could have more information on the University's partnerships.
- Whether the forecasts took sufficient account of likely inflation.
- Whether the University was taking steps to address and correct the shortfall in numbers of directly delivered undergraduate students. The University could not rely on partnerships, and needed to address its own "bread and butter" work.
- Whether the University's position on covenants was satisfactory.

The Vice-Chancellor said that the growth in partnership activity had been very steep, and steeper than had been expected. He said that this was challenging for the University, particularly in its administration and registration activity, but the University had taken steps to deal with this. Additional staff had been recruited in the Registry, the Partnerships Office, and the Business School. The Vice-Chancellor said that the University had decided to move forward with large cohorts from the Elizabeth School of London, challenging though this was, in order to prepare for the anticipated departure of GBS in three years' time.

The Vice-Chancellor agreed that it would be helpful for Governors to have more information about partnerships, and suggested that a paper on partnership strategy should be brought to the full Governing Body; he said that that the issues with partnerships were not simply financial. It would be helpful for Governors to have the opportunity to discuss and ask questions. This proposal was welcomed by the Chair of the Governing Body.

The Vice-Chancellor said that the recent OBR inflation forecasts had been very different from the previous inflation forecasts. The CFO said that the general inflation level did not necessarily apply to specific areas of non-pay costs and, in particular, assumptions around the level of pay awards as the public sector would be affected differently from the private sector. He said that the University had taken steps to protect itself against inflation in energy costs. There were mixed views on the direction of inflation once the UK was in a recession and unemployment started to rise. He said that the forecasts had been based on the forecast inflation rates immediately before the Chancellor of the Exchequer's statement.

The CFO said that a number of universities were having challenges with their student numbers, particularly existing students – many of whom were not returning. This could be related to the cost-of-living crisis or to the continued impact of Covid. It was a national issue and not confined to the University. The Vice-Chancellor said that the University, led by the Deputy Vice-Chancellor, was taking steps to address the recruitment and retention of its own undergraduate students. This included the "Quality Climb" that had been discussed with Governors. The Vice-Chancellor agreed that the University's directly

delivered education had to be strong and sustainable, and that it could not rely on partnerships for its survival. The CFO said that the current forecasts have not yet been developed in line with the Vision 2030 ambitions, and there would be more work to take into consideration ongoing reviews of the University's curriculum and general academic offer. He said that the direction of Government policy on higher education was still unclear, and this had become one of the risk factors to consider.

The CFO said that there was plenty of headroom on the University's covenants until the end of 2022/23. There would then be new covenants, and there might be some challenges on cashflow towards the end of the forecast period, but these would be kept under close review.

**RESOLVED:**

That the Committee approve the high-level forecasts and underpinning assumptions for submission to the Governing Body and the OfS in accordance with the arrangements set out in the paper.

**79. Report of the University's Financial Position for the Three-Month Period to 31 October 2022 and First Quarterly Review [Item 7]**

The CFO said that most of the issues noted in the paper had already been discussed. There continued to be staffing and recruitment challenges, and there was an underspend of nearly £2.5 million on staff costs. Provision had been made for additional staff remuneration which might be appropriate. The Governing Body would consider how the University could best support staff and students through the current financial crisis at the next meeting on 29 November. The CFO said that the paper set out work that had been undertaken to support students with the cost of living, and that he chaired a cost-of-living group attended by the President of the Students' Union and relevant colleagues across the University. A £1.5million payment to staff was also due to be made in December subject to Governing Body approval. The University had increased the stipend for PhD students. The University did not want partnership activity to subsidise inefficient processes or unprofitable work, but said that it was very helpful to have this income stream during the current period of economic and political turbulence.

The Chair thanked the CFO. He said the paper showed a positive start to the year. Governors raised the following points during discussion:

- That the growth in partnership numbers and income was somewhat astonishing, particularly for the Elizabeth School in London.
- How the £360,000 Teach First shortfall had arisen.
- That the financial support to students was appreciated.

The Vice-Chancellor said that the Elizabeth School numbers were spread across five different sites in the UK. The CFO said that there had been an incorrect assumption about Teach First funding in the budget.

**NOTED**

#### **80. Any Other Business [Item 8]**

Governors did not raise any other items of business.

#### **81. Confidentiality [Item 9]**

##### **RESOLVED**

Details of the University's negotiations on Petros Court [minute 5] should be kept confidential, and recorded separately in restricted form. There were no other matters to be kept confidential from published minutes once approved.

#### **82. Date of next meeting [Item 10]**

The date of the next meeting was confirmed as 8 March 2023 at 9.30 am.