

COU14D022

Title: Report from Finance Group (17 November 2014)
Author: Director of Planning, Secretary to Finance Group
Circulation: Council 1 December 2014
Agenda: COU14A002
Status: Open

The Finance Group met on Monday 17 November 2014. The information below is a summary of the matters discussed and the decisions reached/recommendations made.

A1. Financial statements

The financial statements were considered and some minor amendments to the Treasurer's report will be made. There was a discussion about the proposed amendments to the Committee of University Chairs' Higher Education Code of Governance and the impact on the University. It was confirmed that the latest version of the Code was somewhat different to the original proposal and that the internal auditors had undertaken a review of the University's preparedness for the introduction of the new code. The majority of the internal auditors' finding confirmed that it would be relatively straightforward for the University to move to the new code with no critical risk factors identified. The University was awaiting the final version of the Code before proceeding with changes. Finance Group supported Audit Committee's recommendation that the financial statements should be adopted by Council and signed on their behalf.

A2. Forecast for 2014-15 and beyond

The forecast has been updated to reflect the latest student numbers and the actions being taken to mitigate the lower than forecast recruitment. The document also highlighted the variances between the latest forecast for 2013-14 and the final surplus shown in the financial statements noting that whilst a number of the factors were specific to the year in question there were also some that will be addressed by changes to processes. It was identified that there was a need to review the financial performance of the Sainsbury Centre for Visual Arts and a more detailed review will take place at the next meeting of Finance Group. There were some positive signs in the latest recruitment figures for 2015-16 academic year and the aim is to meet or marginally exceed target next year. A review of the banking covenant cover was also undertaken and this confirmed broad compliance except that as a result of the way in which the Students' Union refurbishment was being accounted for it was anticipated that covenant cover is forecast to fall below £3m to £2.2m and £1.8m in this year and next. It is anticipated that there will be opportunities to mitigate this risk at year-end and the risk of non-compliance is therefore deemed to be low.

A3. Opportunity and risk register

The revised register was considered and is presented to Council for formal approval.

A4. Annual review of investment policy

The current policy was reviewed and it was noted that the two non-compliant fund have now been closed and re-invested in FTSE4Good and/or SRI Pooled Funds. The University's continued investment of a relatively small proportion of funds in companies linked to fossil fuel extraction was further discussed but it was agreed that the current policy would stand.

A5. Progress towards 3% savings targets

The aim was to generate £6m which could fall to the bottom line and create a fund to be utilised to support capital investment and the student experience. It was anticipated based on the latest information that c. £3-4m would be achieved but there would be more challenges in reaching the full £6m. Discussions with budget holders are ongoing with a view to closing the gap and further reports will be made to Council on progress.

Further Information

Further information is available from the Director of Planning, Ian Callaghan tel. 01603 592227, email i.callaghan@uea.ac.uk