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LIVERPOOL HOPE UNIVERSITY

Finance & General Purposes Committee: 4th November 2024

PRESENT: Mr J. Norbury (in the Chair), Ms J. Boggan, Mr N. Dawe, Ms J. Ellis, Fr C. McCoy, Professor C. Ozanne

By invitation: Ms S. Beecroft, Mr J. Ellison, Ms C. McLean

Secretariat: Mr Marc Jones

The Chair welcomed Ms Boggan to the Committee and informed members that she is filling the vacancy left by Ms Shackleton, who has moved to Audit Committee. The Chair thanked Ms Shackleton for her service on the committee.

1. Conflicts of Interest

The Chair reminded members of the need to report any potential Conflicts of Interest which might arise during the meeting. Ms Boggan informed members that she is Director of Finance for Liverpool Archdiocese and trustee of Parkhaven Trust. The Chair asked Mr Jones to check with Mr Dykins whether either of these positions constituted a conflict of interest.

2. Terms of Reference

Members had received the Terms of Reference. Professor Ozanne informed members that Terms of Reference for all committees are being standardised and updated as part of the Governance Review, adding that the new Terms of Reference will be in place for the start of the 2025-26 academic year.

Members **APPROVED** the current Terms of Reference.

3. Minutes of the previous meeting

Minutes of the meeting held on 13th June 2024 were received. The minutes were **APPROVED** as a correct record.

4. Matters Arising

Re Students' Union, Ms Beecroft informed members that she has not discussed discounting Students' Union pension deficit payments with the Students' Union as there continue to be some ongoing issues. Ms Beecroft undertook to update members on this matter later in the meeting.

Re the JTCCG credit report, Mr Ellison confirmed that he had circulated this.

Re Merseyside Pension Fund termination estimation, Ms McLean informed members that the fund had supplied a figure of £804k as the current fund value, with the proviso that this was subject to change due to member movement. Ms McLean informed

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members that a termination value was now being sought for potential closure while the fund is in a healthy financial position..

5. Sector Update

Ms Beecroft informed members that the updated tuition fees for 2025/26 announced recently have been set at £9,535 p.a. for undergraduates and £5,760 p.a. for foundation year. Ms Beecroft added that, based on undergraduate recruitment numbers for 2024-25, the increase in fees would have yielded an additional £1.15m in income.

6. Financial Year ended 31st July 2024

(i) Financial Results Report 2023-24

Members had received the Financial Results Report 2023-24. Ms McLean informed members that while the March 2024 reforecast had predicted a deficit of £2.8m, the final result had been a deficit of £624k. Ms McLean attributed this variation to a number of factors outside the University's control, principally holiday pay accrual and a reduction in the FRS102 pension cost. Ms McLean added that a number of other factors also contributed to the final result, including bank interest, and increased income from tuition fees.

Ms Beecroft informed members that including the FRS102 amount in the final result had a distorting effect on the figures, adding that in future this amount will be shown below the line.

Re the cash position, Ms McLean informed members that the balance of £21,654,694 represents a reduction of £7,445,872. compared to the previous year. Ms McLean added that re investments, there were two fixed term deposits with Santander for £9.5 million, a comparable figure to the previous year. Ms McLean informed members that it was necessary to keep cash in a more 'liquid' form during 2023/24, given the scale of payments being made for the i3 building.

(ii) Draft Reports and Financial Statements for year ended 31st July 2024

Members had received the Draft Reports and Financial Statements for year ended 31st July 2024. Ms McLean informed members that the final version of this document would be in a new updated format.

Members **RECOMMENDED** for approval the financial statements for 2023/24

(iii) KPMG ISA 260 2023-24 Management Letter

Members had received the KPMG ISA 260 2023-24 Management Letter. Ms Beecroft informed members that this would be tabled at the meeting of Audit Committee on 7th November 2024.

(iv) Going Concern 2023-24

Ms Beecroft informed members that completion of this paper has been delayed due to the cashflow data not being available in time for the meeting. Ms Beecroft informed

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members that the paper will be complete by 6th November 2024, after which she will circulate it.

7. Project 2028

Members had received the Project 2028 update. Members noted that the final position for 2023/24 was that the workstreams delivered £2.282 million of savings/new income, against the target of £1.625 million. Members noted that four workstreams met their target, one workstream partially met its target, two workstreams did not meet their target, and one workstream was withdrawn. Professor Ozanne informed members that a number of lessons have been learned in relation to target setting and monitoring, adding that these will be incorporated into the setting of targets for 2024/25. Professor Ozanne informed members that further information will be provided to the meeting in January 2025. Ms Ellis noted the decision to defer the promotion process for lecturer to Senior Lecturer and asked whether this was happening elsewhere in the sector. Professor Ozanne confirmed that this was the case. Fr McCoy asked whether, in future, student continuation numbers could be shown as absolute numbers as well as percentages. Ms Beecroft undertook to do this in future reports.

8. Liquidity and Cash Position

Members had received the Liquidity and Cash Position update. Ms Beecroft informed members that at the start of the 2023-24 year the University had £29,100,566 in cash and cash equivalents; this included £5,091,052 with Rathbones. Ms Beecroft reminded members that it was agreed in September 2023 that this account should be closed in order to provide greater flexibility for the University through the holding of funds in a more liquid form. Ms Beecroft informed members that the balance at the start of the year was higher than usual. This was despite the £9 million payment in July 2023 to buyout the finance lease relating to Hopkins Hall. The cash reserves had been built up to pay for construction of the i3 building which started in July 2022, but due to delays was not handed over until May 2024. Ms Beecroft reminded members that payments are still being made in 2024/25, due to the complex negotiations around the final account.

Re liquidity days, Ms Beecroft reminded members that the Office for Students requires the University to hold the equivalent of 30 days of cash / cash equivalents at all times, adding that failure to do so is a reportable event. Ms Beecroft informed members that there was no period in 2023/24 when the University came close to this. Ms Beecroft added that the cash reserves were at their lowest in April 2024, at which point the liquidity days were 67 days.

9. Apprenticeships

Members had received the update on apprenticeships. Professor Ozanne informed members that the University had submitted a bid for funding to provide degree apprenticeship (level 6) provision. Professor Ozanne added that the funding bid was successful, with £635,418.44 to be awarded over the 2024-25 academic year. Professor Ozanne informed members that the University hopes to offer provision in the areas of Physiotherapy, Youth and Social Work, and Teaching,

10. Students' Union

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Ms McLean informed members that a finance update had been submitted by the Students' Union General Manager for consideration by the committee but that she had not deemed it of sufficient quality to be tabled at the meeting. Ms McLean informed members that the Students' Union's financial statements are currently being prepared and will be audited in December. Ms McLean informed members that two colleagues from the University currently sit on the Students' Union's Board of Trustees. Professor Ozanne suggested that a Students' Union representative be appointed to sit on the committee. The Chair concurred with this suggestion.

11. Financial Year Ending 31st July 2025

Members had received the update on the financial position for 2024-25. Ms Beecroft reminded members of the decision to remove FRS 102 from the core figures, and show it separately below the line (see item six, above). Members concurred with this decision.

Ms Beecroft informed members that in July 2024 University Council had agreed a deficit budget for 2024/25 of £2.25 million (including FRS 102). Ms Beecroft added that this equates to an operational budget deficit of £1.4 million, with FRS 102 removed. In order to deliver this result, the budget included a Project 2028 target of £1.25 million. Project 2028 initiatives were successful in 2023/24, and delivered £2.282 million of savings and additional income (FGP 1062). However, it is recognised that having dealt with the 'quick wins', that 2024/25 will be more challenging. Ms Beecroft informed members that at this point in the 2024-25 academic year the reduction in tuition fee income across all fee categories compared to budget, is expected to be in the region of £1.5 million.

Re staff costs, Ms Beecroft informed members that the cost of living assumption within the budget was 3% while the financial impact of the implemented agreement (not accepted by the unions) was 2.5%. Ms Beecroft added that this is expected to generate savings of circa £225k. Re the increase in National Insurance, Ms Beecroft informed members that this is expected to cost the University in the region of £645,000 per annum.

Re grant allocations, Ms Beecroft informed members that the Regional Innovation Fund grant of £150,000 was expected to be replicated in 2024/25, but it now appears unlikely this will happen. Ms Beecroft added that the OfS grant has also reduced by £50,000 (3.6%).

Ms Beecroft informed members that the University would undertake a full reforecast in November, and that members would receive a paper at the next meeting.

Professor Ozanne informed members that the University's Pro Vice-Chancellor Marketing, Recruitment & Admissions is now in post, adding that a number of changes are being made to the University's recruitment process.

Mr Ellison informed members that accommodation occupancy is up 6% on the previous year.

12. Estates Developments

Members had received the Estates update report. Re 3 Islington, Mr Ellison informed members that the refurbishment is complete, and final accounts have now been agreed. Mr Ellison informed members that there has been an underspend of £149,037 gross, 7.2% under the original approved budget. Members congratulated Mr Ellison and colleagues in Estates on their management of this project.

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Re 2 Islington, Mr Ellison informed members that a decision on a way forward is urgently needed owing to the building's current state of repair. Mr Ellison informed members that the building is suffering from significant water ingress leading to high levels of humidity and saturation of the building fabric. Mr Ellison added that significant dry rot is evident throughout the building. Mr Ellison informed members that he is currently working on costings for a phased approach to the project.

Re i3 Building, Mr Ellison informed members that a considerable amount of work is ongoing to agree the contract final account with John Turners Construction Group (JTCG). JTCG are currently claiming a significant sum associated with the project variation account and a loss and expense claim representing the total project delay. Mr Ellison informed members that fortnightly 'without prejudice' meetings have been ongoing with JTCG Directors to close out the account variance and considerable progress has been made against the variation account with a c. 50% reduction of the variance being achieved to date. Ms Beecroft assured members that money has been put aside for any settlement which may be arrived at.

Mr Ellison informed members that 2 Islington and the dispute with JTCG have both been added to the University Risk Register.

13. Student Debt Annual Review 2023-24

Members had received the Student Debt Annual Review 2023-24. Ms Beecroft informed members that the debtor position at the end of 2023/24 is almost identical to 2022/23, and there are no areas of concern. Ms Beecroft drew members' attention to the increase in debts held with the debt collection agency from £672k to £764k. Ms Beecroft also drew members' attention to the £95k write off of bad debts relating to a particular cohort of International students from India, adding that with the University looking to increase its numbers of international students, this could continue to be an issue in the future.

14. Business Planning Process

Members had received the briefing on the Four-Year Planning Process 2024/25 – 2027/28. Professor Ozanne informed members that the aim of the new process is to produce four-year business plans for Faculties and Professional Service Areas that align with the University's five-year strategy with the aims of improving longer term planning within the University and engaging all stakeholders in the planning process.

15. AOB

There was no other business.

| Action | Completed |
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| Ms Beecroft to seek further information on revisiting and updating of bank covenants. | Ms Beecroft is in discussion with the bank about the covenant breaches expected in July 2024. |

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| Ms McLean to contact MPF for updated termination estimation. | Following receipt of the fund valuation, a termination payment for settlement is being sought. |
| Ms Beecroft to discuss discounting Students' Union pension deficit payments with Students' Union. | Put on hold |
| Mr Ellison to circulate JTCCG credit report to members. | Completed |
| Mr Jones to check with Mr Dykins re Ms Boggan's potential conflicts of interest. | |
| Ms Beecroft to circulate Going Concern documentation to the Committee | |
| Ms Beecroft to seek SU representation on the committee. | |