

**FINANCE AND INVESTMENT COMMITTEE**  
**03 November 2021**

**DRAFT UNCONFIRMED MINUTES**

**Present:**

Luke Savage (Chair)  
Ben O'Neill

Professor Colin Bailey  
Adi Sawalha

Isabelle Jenkins

**In attendance:**

Coleen Colechin [minute  
2021.018]

Karen Kröger

Dr Nadine Lewycky

Ian McManus

Jonathan Morgan

Professor Wen Wang [minute  
2021.019]

**Apologies:**

Ade Adefulu

**Welcome and Apologies**

2021.011 The Chair welcomed everyone to the meeting and noted the apologies.

**Minutes of the meeting held on 22 September 2021 [FIC21/08]**

2021.012 The Committee **confirmed** the minutes of the meeting held on 22 September 2021 subject to the amendment of the Lloyd's loan amount to £6.8m (minute 2021.009[b]).

**Matters arising [FIC21/09]**

2020.013 The Committee **noted** the matters arising from the meeting held on 22 September 2021.

***School of Business and Management***

[a] The decision notice from Tower Hamlets and the Strategic Planning Document (SPD) had been shared with the Committee via Convene. The SPD incorporated the updated principles of design which took into account the relationship between the building and its surroundings. We were scheduled to have further conversations with Tower Hamlets about the design next month.

[b] The Committee asked how the new design might impact on capacity. Capacity would be reduced but the introduction of the new ways of working meant that the internal space could be used differently. The School of Business and Management would continue to use other buildings to support its growth.

- [c] The Committee said that the original 2030 strategy presentation showed a lag between the ambitions for growth and estates capacity. The Executive was considering how to best utilise the space to support growth incorporating the principles of the new ways of working. Further work on space modelling would be done as part of the strategy development.

### **Financial commentary and draft financial statements 2020–21 [FIC21/10]**

2021.014 *Minute 2021.014 is confidential.*

### **Current financial position [FIC21/11]**

2021.015 *Minute 2021.015 is confidential.*

### **Budget principles 2022–23 and approach to 2025–26 [FIC21/12]**

2021.016 *Minute 2021.016 is confidential.*

### **Recommendation on investment managers appointment [FIC21/13]**

2021.017 *Minute 2021.017 is confidential.*

### **Research grants and contracts annual report [FIC21/14]**

2021.018 The Committee **noted** the annual report on research grants and contracts. The following points were noted in the discussion:

- [a] There had been an increase in overall research income to £98.5m from £97.8m and income per full time equivalent (FTE) up £5K to £116,149 in 2020/21. The trajectory was positive but below the targets set out in the research strategy. Each faculty had developed a research strategy that would be used to monitor progress.
- [b] Overhead recovery was £15m in 2020/21 at a level similar to 2019/20. The overhead recovery policy had launched in October 2020 to help incentivise academics to apply for external funding. It would take time for the impact of the policy to be seen.
- [c] We continued to actively apply to EU funding schemes. The government had committed to fully funding Horizon 2020; however, there was a risk to future funding. International collaborations were being explored as an alternative. Research funding was increasingly being directed into digital health and climate change and we were seeking to increase our capacity in this area.
- [d] *Minute 2021.018[d] is confidential.*
- [e] The Committee asked how the lower than anticipated growth in research income would impact capital investment to support research. This would not have a negative impact as we had spare capacity at Whitechapel and Charterhouse Square.
- [f] The Entrepreneurs Club and Research Forum had been created to support researchers and identify blocks to undertaking research. The Research

Forum was horizon scanning for opportunities that matched our areas of expertise and considering which two University Research Institutes to set up in the next 6-12 months.

[g] In order to effect a step change in our research income, strategic investment in staff was needed. High-quality facilities would be important in recruiting world-leading researchers. Staff would be employed directly with the University Research Institutes rather than through faculties and schools.

[h] The Committee asked for a paper on the planned trajectory for research income growth to achieve the 2030 strategy target.

*Action: [h] Director of Research and Business Development*

### **Financial performance of transnational education 2020–21 [FIC21/15]**

2021.019 The Committee **noted** the financial performance of transnational education for 2020–21. The following points were noted in the discussion:

[a] We had continued to grow our Transnational student numbers and income. The margin had been unusually high last year due to the lower travel costs. There was a risk that student number targets for 2021/22 might not be met but could be partly offset by higher fees.

[b] *Minute 2021.019[b] is confidential.*

[c] The Committee asked what the timeline was for the university's commitments in Malta. The Executive said that our contractual commitment was long term and that exiting the contract would have led to financial and reputational damage. We were looking to expand our activities into CPD and other disciplines.

[d] We had just received this year's fee from the Beijing University of Posts and Telecommunications (BUPT) which had been delayed due to the timing of the lunar festivals.

[e] We had major activities with three universities in China, the largest of which was with BUPT. The flying faculty model ensured high quality educational provision and had been hailed as an exemplar by the Chinese Ministry of Education. The Vice-Principal (Science and Engineering) was instrumental in leading our good working relationships with the Ministry of Education and the senior teams at our partner universities.

[f] The pandemic had a short-term financial impact by restricting travel. However, this presented a risk as students expected to have in-person teaching from UK professors. Trips would recommence as soon as possible but were currently limited by the cost of flights and the difficulty in getting working visas for academics from the Chinese government.

[g] The margins from TNE in China were higher because the partner university was responsible for the facilities and student welfare. This allowed us to re-invest our fees into improving the educational provision.

- [h] The Committee asked what opportunities were available for expanding activity in China. We were working with BUPT on developing another Joint Education Initiative (JEI) in the province of Hainan for 1,200 students at a higher fee level. Our risk level was low as BUPT would cover the overheads.
- [i] The Committee asked whether there was any risk exposure to policy changes that would impact higher education in China. A risk assessment showed that the changes were manageable and could provide new opportunities. We had an excellent reputation for our high-quality graduates many of whom entered further study abroad or high earning jobs.

### **Annual review and financial performance of subsidiaries 2020–21 [FIC21/16]**

2021.020 The Committee **noted** the annual review and financial performance of subsidiaries and associated companies for 2020–21. The following points were noted in the discussion:

- [a] There had been significant in-year movement for Vision Semantics. The spin out was in the growth phase and had suffered reduced income during the pandemic. The company was looking for further investment or potential sale to a larger technology company. We were not continuing to fund the spin out but held 29% in shares. The company specialised in facial recognition technology and had received investment from Huawei. As a result of this investment, we had reviewed our governance procedures to ensure that it had received the right levels of approval.

### **\*Draft agenda for the next meeting [FIC21/17]**

2021.021 The Committee **noted** the draft agenda for the next meeting on 10 March 2022.

- [a] Guidance from the Office for Students no longer required the Transparent Approach to Costing (TRAC) return to be signed off by governance committees. The timing had also shifted so that the return would come to the Committee for information at a later meeting.

### **Any Other Business**

#### **Committee membership**

- 2021.022
- [a] The recruitment of external Council members was in progress, two of whom had been identified as possible new members for the Committee. We would consider the wider pool of applicants for co-opted members. There were several applicants with experience in investment management who could fill the skills gap in that area.
  - [b] The Committee recorded its thanks to Ade Adefulu for his contribution to the Committee. Ade would be moving to the US to work at LinkedIn's New York office.
  - [c] The Committee thanked Luke Savage, Treasurer and Chair of the Committee, for his significant contribution to the university.

### **Meetings in 2021–22**

- Thursday 10 March 2022 at 1530 hours, Robert Tong Room, Mile End.
- Wednesday 15 June 2022 at 1530 hours, Martin Harris Room, Mile End.