



Matters arising

Outcome requested:	Finance and Investment Committee is asked to note the matters arising from the minutes of the meeting held on 10 March 2022.
Executive Summary:	N/A
QMUL Strategy:	Effective governance supports the achievement of all strategic aims.
Internal/External reference points:	N/A
Strategic Risks:	N/A
Equality Impact Assessment:	N/A
Subject to prior and onward consideration by:	By Committee only.
Confidential paper under FOIA/DPA:	No
Timing:	N/A
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Date:	08 June 2022
Senior Management/External Sponsor:	Isabelle Jenkins, Chair of Finance and Investment Committee

Finance and Investment Committee is asked to **note** the following matters arising from the meeting held on 10 March 2022.

Actions from the meeting held on 10 March 2022			
Minute no.	Action	Person responsible	Progress
2021.026[e]	<p>Current financial position [FIC21/20] The Committee asked for further assurances on the underpinning assumptions of the cost of utilities given the current global situation. Significant increases in costs had been factored into the budget. We buy our energy through a framework supplier, which has forward purchased c. 50% of gas for the year to October 2023. We were identifying ways to reduce consumption and exploring alternative sources for purchasing fuel. A briefing paper on our exposure to Gazprom would be circulated to the Committee. It was estimated that 4% of UK gas originates from Russia. The Chief Operations Officer would confirm with our provider our exposure to Gazprom.</p>	Chief Operations Officer	Information on the impact of the war on Ukraine on our energy supplies has been previously circulated to the committee and attached to the matters arising.
2021.026[h]	<p>Current financial position [FIC21/20] The Committee asked about the risks in relation to student recruitment from China and our joint ventures with our Chinese partners. We had ~4K students studying at our partners in China. We had good relations with the Chinese Ministry of Education and considered these ventures to be lower risk. We had a significant proportion of Chinese students studying at our campuses in London and were working to diversify our international student intake. Scenario planning on changes to international student numbers had been developed as part of previous budgets. The figures would be shared with the Committee.</p>	Chief Financial Officer	<p>The following information has been circulated to the Committee:</p> <ol style="list-style-type: none"> China TNE The TNE operations in China currently give rise to c. £17m income and £7m cash generation p.a. This cash generation is forecast to reduce slightly in future years as costs increase with inflation but fees and student numbers are relatively fixed. International students The largest proportion of international students come from China. Chinese students make up c.15% of the UG numbers (representing fee income of £9.2m) and c.40% of PG numbers (representing fee income of £36.6m). While significant, Queen Mary's exposure is lower than most other Russell Group universities, with 14 out of 24 institutions receiving more than 75% of their overseas students from China. The University currently has 110 Ukrainian and Russian students

			enrolled on level 4 and 5 courses. If none of these students were to return in 2022/23 there is a fee exposure of £2.4m. It is likely that some of these students will have family in the UK or continued access to funds.
2021.027[h]	<p>Update on infrastructure development [FIC21/21]</p> <p>The Committee said that it could best support Council by monitoring the link between infrastructure investment and the Key Performance Indicators. Established quality standards would support the development of the smart campus, which could be undertaken in a phased approach with specific deliverables and targets. The Committee said that the full impact of slippage during Covid had not been felt and asked for a clearer articulation of the consequences of pulling or delaying projects.</p>	Chief Financial Officer	An update on slippage in 2021/22 has been provided as part of the finance report.
2021.029[b]	<p>QMI annual report [FIC21/23]</p> <p>The QMI board approved decisions on selling shares in spinouts companies. Any capital gains were invested back in to QMI to support the innovation process. Past reports would be shared with the Committee to help develop its understanding of QMI's role. A visit to QMI for Committee members would be arranged.</p>	Director of Research and Business Innovation	The Committee Secretary is liaising with QMI to arrange a visit for the start of the next academic year.


LASER Update

Russia - Ukraine impact on energy supplies



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 LASER Energy is part of the Commercial Services Group

FAQ

With the situation in Ukraine unfolding at such a fast pace, the following FAQs have been answered in best faith with the information available to LASER as of the 4th March 2022.

Q. Are any of our gas supply contracts with Gazprom?

A. Gazprom are not a supplier on our flexible gas or electricity supply frameworks.

LASER has one customer supplied by Gazprom under a contract placed through our fixed-price gas framework and we are assisting them directly with their contracting options.

Q. Does LASER work with Gazprom?

A. Gazprom were a supplier on LASER's Fixed-price gas framework. However, as of 2nd March Gazprom have been removed from this framework and we will not be providing them with future contracting opportunities.



Q. Where do UK Gas suppliers source their gas from?

A. Russia is the world's biggest exporter of gas. The EU sources around 40% of its gas from Russia. The UK is much less dependent, with around 4% of UK gas originating in Russia (there are no direct gas pipelines between Russia and the UK).

Gas is a traded commodity in the UK, with a wholesale market setting its price. The most common way suppliers buy natural gas is with a futures contract. This is a financial product where traders agree to deliver a fixed amount of gas at an agreed price at a set date in the future. On average, the same unit of gas is bought and sold nearly 15 times before it is used. As such, and given it's a financial trade, it's usually not possible to tell where the purchased gas originates from. Therefore, whilst LASER does not have a direct contracting link to Russian entities, all gas supplies in the UK rely on a small amount of Russian sourced gas.

Political reaction to events in Ukraine suggests there will be a strong move to reduce Europe's dependency on Russian gas, albeit this will take time to achieve.

Q. Are there indirect links for electricity supply?

A. Around 30-40% of the UK's electricity is produced from gas fired power stations. As such, given around 4% of the UK's gas originates in Russia, a small portion of the UK's electricity supply depends on Russian gas. Similar to gas trading, electricity is most commonly traded on a futures contract, with the same principles applying (see "Where do UK gas suppliers source their gas from?" question above)



Q. What will this do to energy prices?

A. Gas prices have increased significantly as a result of recent events and market prices remain highly volatile. LASER's forward gas purchases have mitigated the price rises to a large degree. However, the longer market prices remain high, the more this will flow through to delivered energy prices for all energy consumers (the Government's energy price cap only applies to domestic customers).

For context, delivered gas prices on LASER's flexible baskets currently range between 2-5p/kWh depending on supply period. Current fixed delivered gas prices are typically 10-12p/kWh. LASER will be issuing forecast percentage price increases for each of our flexible procurement baskets before the end of March to assist with budgeting. LASER's procurement team, in conjunction with our Governance Panel of customer representatives, continue to monitor energy market prices and drivers to best inform our future purchasing decisions. We have also seen similar movements in electricity market prices.

In addition to the above, the extreme market price movements are causing suppliers operational issues in terms of how they buy energy, and many are restricting price offers for new sites and customers.



Q. What supplier statements have you received?

A. We have so far received supplier statements from:

Corona

“Corona Energy has no trading or any other relationship with Russia. The UK has no direct gas pipeline links with Russia and the UK government estimates less than 4% of UK gas supply emanated from Russia in 2021. Our focus is on working to support our clients in managing the indirect effects of the situation in Ukraine and Russia.”

Total Energies

“TotalEnergies condemns Russia’s military aggression against Ukraine, which has tragic consequences for the population and threatens Europe. TotalEnergies expresses its solidarity with the Ukrainian people who are suffering the consequences and with the Russian people who will also suffer the consequences. TotalEnergies is mobilized to provide fuel to the Ukrainian authorities and aid to Ukrainian refugees in Europe.

TotalEnergies supports the scope and strength of the sanctions put in place by Europe and will implement them regardless of the consequences (currently being assessed) on its activities in Russia. TotalEnergies will no longer provide capital for new projects in Russia.”

SSE

“The tragic events in Ukraine is having a knock on impact on global and UK energy prices. Since the commencement of military action there has been substantial increases in energy prices and material price volatility across the Global, European and UK energy markets. Unfortunately, this has meant that we have had to temporarily pause issuing prices to customers. We are reviewing the energy market on a daily basis and hope we can open pricing availability soon. We appreciate your patience during this difficult period.

SSE has never been reliant on Russian gas contracts and is compliant with all sanctions.”

We are awaiting statements from other suppliers and will share in due course.