Addendum to questions from finance webinar

After the webinars were delivered, UCU has circulated [illegible]. This was written by an external author who by other universities. They are based on a calculation of capital plus future interest due subject to financial adjustments work. While we cannot do everything, the best solution will always be a balance between making sure we are an attractive location for staff and students, and making sure we have the best staff, in a combination which is academically and financially stable.

Notwithstanding the fact that we are currently at limit and can't borrow anymore, is it possible for universities to enter into borrowing agreements that cover short-term operational costs whilst interest rates are low?

Subject to the gearing covenant in our loan agreements, it is possible to further borrow funds. However, it is always important to understand how any loan would be repaid to avoid future difficulties in repayment. Council will decide whether we under appropriate assumptions. We expect that there will be news of the budget and assumptions later in July.

How will the University's budget 2020/21 be set?

Substantial work has been carried out already with individual budget holders both in Schools and Professional Services, and with the University Executive Group (UEG) to consider budget proposals for next year. SPRC (a senior committee of Council) ŎŀǋǋʎŜă ƨǳű ăŎǋǳűʎʏè ƨʏ ¦ 9DΩă ǋǋƨǋƨăŜŘ ōǳŘƎŜű, including whether any adjustments are required, before proposing the budget to Council. Council as our governing body is the committee which approves the University budget. Council will meet at the start of July and this meeting is the one at which the budget will be considered. I gave a view in the webinar as Director of Finance on how we might approach the budget, and mentioned a measured approach proportionate to the circumstances, to demonstrate its financial sustainability and which will require judgement based on emerging certainty of our income for the next academic year. But I would stress that this is all subject to Council approval.

You said the University had £109m in cash and cash equivalents and £117m in current investments, giving a total of £226m, at 31 July 2019. What are the figures cash and cash equivalents and for current investments at present (May 2020)?

The University does not publish these on an ongoing basis as it is important to go beyond the numbers and interpret them for stakeholders, including banks and lenders, since (as stated clearly in [illegible] against those balances. Nevertheless, as will be clear from an expected breakeven in 2019/20 and low capital spend, our cash position is broadly similar to last year end.

You analysed the figure of £226m of cash, cash equivalents and investment as committed endowments, BSMS etc. (£10m), Capital commitments contracted but not incurred (£6m), Working capital (minimum of £50m, higher at some times of the year), Private placement loan for capital investment (£100m), which leaves around £60m. What purpose is the remainder of £60m presently earmarked for?

This is an approximate breakdown and will change throughout the year - principally affected by working capital, capital spend and operating surplus. The £60m not listed is dedicated to other purposes, such as capital works not contracted at 31 July 2020, and includes the fit out of the Student Centre. Any funds to which we have access and are not committed can act as a buffer to unexpected financial shocks, such as we have had this year, but strictly they are dedicated in our core plans as part of the cash which we have available to invest in the Estates and IT Masterplans. We noted in the webinar that the essential capital works, which the campus community has been asking for and which we know is critical to the student experience, have been prioritised to £300m of investment partly funded from the Private Placement, partly from future surpluses and partly from existing cash balances (including this £60m) generated by past surpluses.

Do you expect private partners, such as Balfour Beatty, to be reconsidering their future investment plans in the HE sector? What are the implications for the University?

The existing East Slope deal is fixed in a ring-fenced legal structure and so will continue to exist through the full term of the 50-year concession. Planning for West Slope continues at a

It would not be appropriate to comment on 2020/21 before the budget is approved, but the incremental savings will be lower since budgetary groups were already planning for reduced budgets through anticipating freezing vacancies, reducing consumable and equipment spend and so on.

Can you please clarify what the implications of unoccupied rooms in East Slope will be in light of university obligation to nominate 75% of rooms for the year?

The University is as yet unclear on whether it will be possible to occupy residences in full or in part. The University is only obliged to nominate and pay for 75% of the rooms during the construction phase so this is a short-term issue. We will, of course, seek to ensure that the East Slope rooms are full and that we maximise the utilisation of East Slope so that we can cover the obligations to the residential development partner. In the worst case we would be obliged to pay over rent for 75% of the rooms on which we did not receive rent from students. However, the issue of non-utilisation or low utilisation of student accommodation is also an issue on our own residences, where we will have