SCHOOL OF ORIENTAL AND AFRICAN STUDIES

RESOURCES AND PLANNING COMMITTEE

DRAFT MINUTES OF MEETING

Tuesday 13 June 2017 at 2:30 pm
in Room SG36, Paul Webley Wing

Mr G Dalal, Chair (Hon.Treasurer)
Baroness Valerie Amos (Director)
Professor R Black (Pro-Director, Research & Enterprise)
Sir Martin Harris (Vice-Chair, Board of Trustees)
Dr D Johnston (Pro-Director, Learning & Teaching)
Ms P Sanderson (Registrar)
Ms M Staunton (Chair, Board of Trustees)
Professor M Charney*
Ms A Darko*
Mr J Feeney*
Mr D Skinner*
Professor C Tan
Mr N Uddin

In attendance: Mr G Appleby (Director of Finance and Planning)
Professor C Bramall (Dean of Faculty of Law & Social Sciences)
Professor L Marten (Dean of Faculty of Languages & Cultures)
Professor G Singh (Dean of Faculty of Arts & Humanities)
Dr C Ince (Head of Secretariat)*
Ms S Clucas (secretary)
Ms A Perez de Vera (minute secretary)
K Norman (CENTRUS) for Item 44
J Clarke (CENTRUS) for Item 44

* Those persons marked with an asterisk were unable to be present.

37. Minutes

The minutes of Resources & Planning Committee meeting held on Tuesday 14 March 2017 were approved.

38. Action Taken

Action Item 28 is covered below in minute item 46.

Action Item 32 is covered below in minute item 45.

39. Matters arising/for report

There were no matters arising.

40. Director’s Report

A report was received from the Director at Appendix A.

The Director commented further on the opportunities presented for SOAS to collaborate with education institutions in Qatar, noting that current negotiations were on hold during the recent political and diplomatic crisis, but that, long-term, this was an ideal market in which SOAS would like to develop further partnerships.

The committee noted an update on events leading to the recent occupation of the Directorate offices on the issue of catering contracts, and the current status of negotiations with the caterers Elior.

The Director (Research & Enterprise) informed the committee that SOAS was currently negotiating a large interdisciplinary research grant with partners in a number of countries, which will be the largest SOAS grant signed to date.

41. Student Admissions

A report was received from the Head of Planning and Pro-Director (Learning & Teaching) at Appendix B with an update on student admissions and forecast enrolments for the current session (2017/18).

The committee noted that based on last year's enrolment patterns, and assuming a medium position, that it was anticipated that SOAS would face a forecast shortfall in undergraduate enrolments of around 145 students to meet targets prior to clearing. This estimate includes 16 International students, and as the clearing process mostly involves Home students, then it is anticipated that a total of around 158 students would be required to cover the financial shortfall.

This position is slightly better than last year's where an additional 200 enrolments were required at clearing, although this year's targets have been revised to be more realistic. To assist in decision making during clearing a tool has been developed to allow dynamic modelling of the number of students with lower tariffs at admission to view the impact accepting these this might have on the Department's/Subject's league Table position.

Departments are also able to recruit above their minimum/financial targets as each Department has calculated an optimum target that could be assumed without over-reaching current resources for the Department. The committee also noted that this year many HEIs had adopted a different strategy around unconditional and conditional offers, with the former increasing. Consequently, it would be necessary to be more agile in making offers during clearing, as there has been a more aggressive market earlier in the cycle this year.

It was noted that it is still early in the Taught Masters (PGT) cycle, but outcomes in recruitment here also impact on Department financial shortfalls, which in turn impacts on undergraduate enrolments during clearing. The number of PGT applications are up on the same time last year, but as this is the first year with a deposit scheme for PGT students, it is not possible to make predictions on firm acceptances compared to last year. It is hoped that as a result of the deposit scheme, there will be greater certainty going forward about the number of students likely to enrol.

In response to a query, the committee noted that student visa arrangements and government policies on international students does not have a great impact as SOAS generally has a good visa acceptance rate. However, as it is early in the cycle, there would be a better indication closer to August.

42. Budget

A foreword for items 42 and 43 by the Registrar, on behalf of the Executive Board, was received at Appendix C(i). This outlines the seven key priorities that underpin the budgeting papers. A report was received from the Director of Finance and Planning at Appendix C(ii) outlining the Draft Revenue and Capital Budgets for 2017/8.

The committee noted that the underlying budget position was projected to worsen to a deficit of £1.4m in 2017/18 compared to the current year budget deficit of £0.7m. This position excludes exceptional restructuring costs and is adjusted for FRS102 accounting practices. The largest contributor to this change is the planned one-off investment of £1.3m in the One Professional Services Programme, which is planned to generate annual efficiency savings of £1m from 2019/20. Other increases include staffing costs for fractional staff and increased research allowances.

There has been some budgeted growth in tuition fees, although this is largely a result of inflation and fee increases (eg the home fee increasing to £9,250), rather than an increase in student numbers. Tuition fee budgets are based on reaching current targets. There is some projected growth in online programmes with CISD, although this is countered by the up-front investment required to generate it, with a surplus of only

£0.1m. The committee noted that the outcomes for such developments are complex, as seed funding results in some income showing in year one while modules are being developed.

Other cost increases include staff pay inflation of 1.7% and the investment in the One Professional Services programme. It was noted that part of this development includes moving towards use of better supporting technology through Business Intelligence (BI) tools, such as those supporting workload planning and financial budgeting and forecasts. Further information on the options surrounding BI tools would be compiled and included in the committee's meetings for the next session.

Other expenditure includes an increase in student maintenance and fee waivers (+£539k) as a result of a more robust estimate of existing commitments, and increased security and cleaning costs (+£403k) from the first year of operation of the Paul Webley Wing. This has been offset by planned savings in accommodation voids (-£248k), following the non- renewal of one agreement that had not met booking allocation, and a decrease in contingency costs with the net result of (-£316k).

In summary, 2017/18 provides a year of investment in the One Professional Services programme which is anticipated to pay dividends in later years in terms of improvements to process, support and services, allowing £1m of ongoing savings to be realised by 2019/20.

The Committee **agreed** that the budget proceed as a draft to Board of Trustees, and that the Chairs of RPC, Estates & Infrastructure, and Board of Trustees liaise with the Registrar and Director of Finance and Planning to progress any further changes required.

43. HEFCE Financial Forecasts 2016/17-2019/20

A report was received from the Director of Finance and Planning at Appendix D outlining the revised financial forecasts.

The School is forecast to continue in deficit of £1.4m in 2017/18 (excluding exceptional restructuring costs), before recovering to projected surpluses of £0.82m in 2018/19 and £2.45m in 2019/20. This result is still short of the target surplus of 5% of income by £2.5m in 2019/20.

Key assumptions in the forecast include on campus fee inflation rates between 2% and 6% and an overall growth rate of 4%. Staff costs are assumed to grow at a 2% headline rate of pay inflation. Investment income increases largely due to the increased size of endowments. A ring-fenced amount of monies for support costs are sourced from the increasing UG Home/EU fees.

The committee noted that spend on the refurbishment of the Phillips Building included a provision for £21m, but that following initial quotes this provision may need to be revised to £25m. Once this project has gone to tender, the amount will be revised and available for review at the start of the next session.

It was noted that sensitivities around a return to the old model of funding (increased government grants with students paying reduced or no fees) had not been formally included, as there is high uncertainty around what the conditions could be in such a scenario. However, it was estimated that using the pre-2012 conditions would result in a worse financial position (-£6.4m) for SOAS.

The forecasts currently assume the present £15m revolving credit facility, but the committee noted that options around further capital investment aspirations were under investigation with the intent of locking in historically low interest rates.

The Committee **agreed** that the forecast position, as it relies on progressing the 2017/18 Budget, should also proceed as a draft to Board of Trustees, and that the Chairs of RPC, Estates & Infrastructure, and Board of Trustees liaise with the Registrar and Director of Finance and Planning to progress any further changes required.

44. Long Term Debt Finance

A report was received at Appendix E by CENTRUS on options for Long Term Debt Finance which had been presented to the Investment Advisory Panel in March, 2017. In attendance, Mr Keith Norman and Mr Jonathan Clarke tabled the same report with slightly updated figures.

The committee noted that the methodology used is based on the Moody's rating methods to produce a shadow rating that is similar, without requiring the expensive costs associated with this process. The shadow rating analysis of SOAS resulted in an estimated rating in the range of Aa3 to A1. The pricing used in the report is based on this assumption.

Three options were presented: 20 year institutional finance, 20 year bank finance, and 5 year rolling bank finance. The 20 year bank finance option uses the most competitive rates currently available, these being at historical lows, with evidence suggesting interest rates will rise rather than fall over the next 2-3 years. The 5 year rolling bank finance assumes renewal every five years for the 20 year period, and carries a higher risk which may not match the institute's appetite for risk. The preferred option would be the private placement option, with a focus on the capital raising sector. Centrus has already provided similar services to some of the Oxford colleges.

The committee noted the process would involve an Investor Roadshow for those target investors that respond positively to the Information Memorandum, and that these companies usually expect to meet the Executives of the institution. The issue of ethical investments was considered, given the existing policies that SOAS has in place around this, and that this may impact on choice of target investors. The committee also noted that in terms of risk, a private placement assumes that more can be done with the yields of the loan, thus the risk becomes about returning a greater yield than the interest rate offered by the private placement.

45. IFCELS Review

The Committee received the notes from the IFCELS review at Appendix F.

The Pro-Director (Learning & Teaching) clarified that there had been two reviews of IFCELS: a Business Review and a Teaching and Learning review. These notes are from the latter, as the former had occurred only in May and the final report is not yet publically available. This report will be circulated to members when available.

46. Accommodation Void

A report was received at Appendix G that was previously presented to Executive Board in January on Accommodation Voids.

The Director of Finance and Planning reported to the committee that the contract with Chapter had not been renewed as a result of the outcome of last year's accommodation void exposure. An analysis of the outcome concluded the failure was through a lack of interaction across various professional services areas and that those providers that had been kept are being more closely monitored this year.

47. Investment Advisory Panel

The Committee noted the minutes of the meeting of the Investment Advisory Panel held on 14 March 2017 at Appendix H.

48. Cash Position

The Committee noted the reports on Capital, Debt, and Cash Flow at Appendix I.

49. Dates of Meetings in Next Session

The Resources & Planning Committee meetings in the next session are scheduled for:

Tuesday 10 October, 2017 (provisional – tbc)
Tuesday 14 November, 2017 (Term 1)
Tuesday 13 March, 2018 (Term 2)
Tuesday 12 June, 2018 (Term 3)

All meetings from 14:30 – 17:00 in room 116 in the College Buildings, Russell Square.

RESERVED ITEMS

There was no reserved business conducted at this meeting.

Action Points

Resources and Planning Committee

2.30pm Tuesday 10 March 2015

Minute	Item	Action	Deadline	By
45 & 32	Review of IFCELS	Business Review to be circulated when report is available	By Term 1 Meeting, 2017/18	Pro-Director (Learning & Teaching)
42	Budget	Options on BI Tools	RPC Term 1 Meeting	Registrar