At a Meeting of the Finance Committee held this day,

Present: The Vice-Chancellor, Dr Anderson, Mr Brown, Professor Chase, Professor Daunton, Professor Grant, Dr Nicholls, Dr Reid, Mr Thompson, Dr Turner, the Treasurer (Secretary), the Administrative Secretary, the Director of Finance, the Director of Estate Management, the Registrary and the Academic Secretary;

Apologies for absence were received from Dr. Good and Mr. Larkum. Ms Lowther had been given leave of absence by the Council. Ms J Durning, Department of Trade and Industry, was shadowing Professor Grant and was present.

1,361 MINUTES

The Minutes of the meeting held on 15 January 2003 were approved.

1,362 REPORT ON ACTIONS

(a) The Treasurer reported on action taken following decisions at the last meeting.

(b) With reference to Minute 1,354, about the Seventh Report of the Board of Scrutiny, the Committee were informed that the Registrary and the Treasurer had recently met representatives of the Board to discuss the timing of reports about building projects. The Committee were informed that the Board might make a further Report about the matter, or refer to it in their Eighth Report. The Committee were informed that new procedures were being considered for reporting to the University about major building projects, involving the possibility of an early Notice and Report for a project, as well as towards the final planning stage. It was intended that this should be provided for in a revision of the PRC’s Capital Project Procedure. The Committee agreed to suggest to the Council that this intended development might be referred to in their Notice in reply to the Seventh Board of Scrutiny.
1,363 ACCOUNTS

University Financial Statements. Consolidation. With reference to Minute 1,348(b) the Committee received and approved Note FC(03)15 with Paper FC(03)19 about Terms of Reference and membership of the Technical Working Group. The Committee noted that Professor Chase would serve on the Working Group.

FINANCE COMMITTEE

1,364 Sealings. The Committee received Note FC(03)23 with Paper FC(03)29 a list of sealings authorised by the Treasurer under delegated authority since the previous meeting.

1,365 Dates of Meetings for 2003-04. The Committee received Note FC(03)25 and noted that the Council, at their meeting on 27 January 2003, had agreed the following dates for meetings of the Finance Committee for 2003-04.

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<tr>
<th>Term</th>
<th>Date</th>
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<tr>
<td>Long Vacation 2003</td>
<td>September 10</td>
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<td>Michaelmas Term 2003</td>
<td>October 8</td>
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<td>November 5</td>
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<td>December 3</td>
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<td>Lent Term 2004</td>
<td>January 14</td>
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<td>February 11</td>
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<td>March 10</td>
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<td>Easter Term 2004</td>
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<td>June 16</td>
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<td>Long Vacation 2004</td>
<td>July 14</td>
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<td>September 15</td>
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COLLEGE CONTRIBUTION

1,366 Annual Report of the Assessment Sub-Committee 2002. The Committee received Note FC(03)30 with Paper FC(03)35 the Annual Report of the Assessment Sub-Committee and approved the Report for circulation to College Bursars and College Auditors.

SCHOLARSHIPS AND BURSARIES

1,368 Awards for Overseas Students. The Committee received Note FC(03)33 with Paper FC(03)38 a letter dated 11 December 2002 from the Treasurer of the various Trusts, Dr. S. G. Fleet, and agreed to take note of the information provided.

BUILDINGS

1,369 Minor Works Review Group. The Committee received Note FC(03)20 with Paper FC(03)24 the Unconfirmed Minutes of the meeting of the Minor Works Review Group held on 7 January 2003.

HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND


1,371 Outcomes of 2002 financial forecasts and annual operating statements. The Committee received Note FC(03)29 with Paper FC(03)34 the report on outcomes of national 2002 financial forecasts and annual operating statements.

ACCOUNTS

1,372 University of Oxford: Financial Statements 2001-02. The Director of Finance introduced Note FC(03)22 with the following Papers:

Paper FC(03)27 Brief review of Oxford’s financial statements together with comparison with Cambridge University’s financial results, prepared by the Director of Finance.


Commenting on the Oxford accounts the Director of Finance reported that, after exceptional and special items had been removed, a like-for-like comparison indicated significant similarities between the financial positions of the two Universities. The Vice-Chancellor pointed out that this was within the context in which Oxford had a somewhat larger student body than Cambridge. The Director of Finance reported that he had also made comparisons between Cambridge and Imperial College and UCL, and that broadly similar financial situations applied in both Colleges, but that both appeared to have tighter controls on non-pay expenditure than Cambridge.

CATERING

1,373 University Combination Room. The Committee received Note FC(03)24 with Paper FC(03)30 the Regulations for the University Combination Room Committee and the Committee of Management’s Annual Report 2001-02. Recognising that the Combination Room was
managed as an entity which was separate from the University Centre, the Committee nonetheless agreed to invite the University Catering Adviser (Mr Walston) to make proposals about the Combination Room in the context of his forthcoming proposals about the University Centre.

ACCOUNTS

1,374 External Auditors Management Letter. The Committee received Note FC(03)31 with Paper FC(03)36 the Interim and Final Management Letters for 2001-02 prepared by the University’s external auditors, Deloitte & Touche. The Registrary, as Secretary of the Audit Committee, reported that the Audit Committee was making various comments to the Council. The Committee noted that the draft second letter had on this occasion been submitted late, and that this had created difficulties, in particular for consultation between the Director of Finance and the external auditors about matters of detail. The Committee agreed to draw the attention of the Audit Committee and the University Council to the desirability of early consultation between the auditors and the Director of Finance about such matters.

FINANCE COMMITTEE

1,375 (a) List of Sub-Committees. The Committee received Private and Confidential Note FC(03)18 with Paper FC(03)22 an updated List of Sub-Committees of the Finance Committee as from January 2003.

(b) The Committee made the following appointments:

(i) Dr. K. Allen to the Financial System Management Committee;

(ii) Dr Anderson as Chairman to the Security Committee; and

(iii) Mr Larkum to serve on the University Theatre Syndicate in place of Dr. R. Walker. (Noting that Mr Larkum was already a member of the Syndicate as Chairman of the Executive Committee.

1,376 (a) The role of the Finance Committee. The Committee received Note FC(03)32 with Paper FC(03)37 a revised Report of the Working Party appointed to consider the role of the Finance Committee, which had been proposed after consultation with Dr Nicholls.

(b) The Committee noted that, as presented in the Report, the respective responsibilities of the Committee and the Planning and Resources Committee in relation to aspects of capital projects required a small amount of further clarification.

(c) The Committee agreed to approve the revised Report, subject to further clarification as in (b) above, for onward transmission to the Council.
F I N A N C E  A N D  R E S O U R C E S

1,377  (a)  Financial Position of the University. Report of the Finance Working Party. The Committee received Note FC(03)26 with Paper FC(03)31 the draft Report of the Finance Working Party Chaired by Professor Grant to the Planning and Resources Committee. Mr Wilson, Planning Officer, was present. Professor Grant presented the Working Party’s conclusions.

(b) The Committee noted that the Working Party had concluded that it was not possible to resolve the University’s financial problems in so short a period as had been identified by the Planning and Resources Committee, and that a longer horizon was necessary, to plan for income and expenditure to be broadly in balance by 2006-07. There were various uncertainties; it was possible that funding changes arising from the recent White Paper would have a significant favourable impact on the position then, but it was unlikely that there would be significant impact earlier, except introduction of additional research funding for 6• departments.

(c) The changes proposed by the Working Party would involve major cultural change, and in particular in relation to adoption of the Resource Allocation Model (RAM), the implications of which would be principally for the Councils of the Schools, and in particular their Chairs, to deliver.

(d) The Working Party hoped that the RAM could be used to inform the allocation process for 2003-04, and noted that it should be more fundamentally embedded in following years.

(e) The papers of the Working Party referred to the position of trust and other special funds; it was essential to make clear that trust fund holdings could be used only in strict accordance with the obligations of the University as Trustee in relation to the particular trust, subject to amendment from time to time through the correct procedures. The University’s role as steward of such funds was paramount.

The Committee noted that members of the central bodies were being invited to a seminar on Friday 14 February, that the draft report would be considered initially by the University Council at their meeting on 24 February; that there would be further consultations and discussion, and that the Council would consider the draft report further at their meeting on 17 March 2003.

The Committee agreed to refer the above Minute to the University Council for their information.

P E N S I O N S

1,378  (a)  Universities Superannuation Scheme – Schedule of Contributions. The Committee received Note FC(03)19 with Paper FC(03)23 a letter dated 28 January 2003, from USS Limited together with a revised Schedule of Contributions.
The Committee noted that the Pensions Act 1995 required the trustee company of USS, USS Ltd, to prepare and maintain a schedule of contributions. The current schedule had been signed on 22 May 2001. The actuarial valuation of USS as at 31 March 2002 showed that the current contribution rate remained adequate and so this had not been changed. USS had, however, taken the opportunity to amend the schedule of contributions. The main difference was that the revised schedule did not include additional voluntary contributions (AVCs) which were not required to be included by the Pensions Act. The Committee also noted that although the schedule indicated that regular contributions should be paid over to USS on or before the 19th day of the month following that to which the contributions relate this did not alter the USS requirement that monthly contributions were to be with USS no later than the fourth working day of the month following that in which they were deducted.

The Committee agreed that the revised schedule of contributions should be signed on behalf of the University by the Head of Pensions Administration.

Purchasing

1,379 Public Procurement. The Committee received Note FC(03)27 with Paper FC(03)32 a paper on Public Procurement prepared by the Registrary. The Registrary reported that the legal costs in this case had amounted to approximately £115k. Although the case had formally been lost, it had been established that the University could, subject to the facts, declare itself not to be public authority for the purposes of procurement regulations. Such a declaration might, in some circumstances, also be helpful in other areas in which identification as a public authority imposed inappropriate obligations on the University.

University Financial System

1,380 Financial System Management Committee. The Committee received Private and Confidential Note FC(03)16 with Paper FC(03)20 the Unconfirmed Minutes of the meeting of the Financial System Management Committee held on 16 December 2002.

University Institutions

1,381 University Farm. Dr. Turner introduced Private and Confidential Note FC(03)21 with the following Papers:-

Papers FC(03)25 Minutes of a meeting of the University Farm Committee of Management held on 9 January 2003.


The Committee noted that the business of the University Farm could be regarded as, in order of priority, a land bank for future development for the University; a service provided to the Veterinary School (for
which in principle, the Veterinary School might be expect to pay fully); and an agronomy research centre (currently in surplus, which subsidised the other activities). These different aspects of the purposes of the Farm would in future be reflected in the accounts. Discussions were taking place with the Academic Division of the University Offices about the possibility of a more substantial contribution by the Veterinary School to the cost of providing animal services from the Farm. Consideration should be given to the appropriate arrangements for rent charged by the central University for other aspects of the Farm’s activity.

Vice-Chancellor
12 March 2003

Treasurer