PART A: INTRODUCTORY

43. Procedure of the Committee – Declaration of Interest

Mr Summers, as bursar of a College with involvement in the NIAB project, declared an interest in the matter recorded as Minute 49 (North West Cambridge Project). Dr Clark, as a party to the agreement in question, declared an interest in respect of Sealing 2055 (14 April 2011) on Paper FC(11)48 which was circulated as item 3 of straightforward and reported business. No further personal or prejudicial interests were declared.

44. Minutes

The Minutes of the meeting held on 2 March 2011 were approved.

45. Straightforward and reported business: agenda items starred as straightforward

A paper listing straightforward and reported business was received.

The Committee approved matters for decision contained in the confirmed list of straightforward or reported business, and received the other material.

46. Future business and work plan

An updated work plan for 2010-11 was received as Paper FC(11)49.
PART B: SUBSTANTIVE BUSINESS

47. Finance and Resources

University Budget 2011-12

The final draft Budget Report recommending allocations from the Chest was received as Paper FC(11)50. The Pro-Vice-Chancellor (Planning and Resources) introduced the Report which had been considered, in a preliminary form, by the Finance Committee at its meeting on 2 March 2011 and, following further work on both the figures and the text, by the Finance Committee Business Sub-Committee at its meeting on 13 April. Drafts had also been considered by the PRC, the General Board and by the Council. A final version would be signed by Council at its meeting on 16 May 2011.

The Pro-Vice-Chancellor noted that the Chest deficit budgeted for 2011-12 was £9.2m rising to a forecasted £10.8m deficit in 2013-14. Deficits would, thereafter, reduce year-on-year and it was anticipated that there would be a Chest balance in 2015-16. These budgeted and forecasted deficits were within the £40m cumulative deficit envelope for the five year period agreed by the Council and were attributable primarily to the shortfall in "T" funding during the transition period (which would end in 2015-16) and predicted cuts in capital funding.

The Report set out, for the first time, the capital planning framework. The Senior Pro-Vice-Chancellor reminded the Committee that the Council had agreed that there should be a continued commitment of at least £25m per annum towards building and a further £8m per annum for capital equipment.

It was also the first occasion on which the Report included a statement of the additional allocations for 2011-12 which had been agreed through the Planning Round.

The Report also explained the RAM Distribution Model which RMC had introduced as an incentive to Schools to maximise income and reduce expenditure. The principle of the mechanism was to establish an operating band such that when the RAM surplus/deficit exceeded a threshold, a proportion of the excess was added to/deducted from the allocation baseline.

Overall, the Report sought to strike a balance between financial prudence and radical, irreversible and potentially damaging budget reductions. It was recognised that Schools and Institutions were already exercising financial constraint but were, nevertheless facing stringencies which were impacting directly on their activities. They were, in some cases, spending down reserves.
The Committee commended the budget and the financial projections and the robust forecasting which informed them. It was noted, however, that there remained various financial uncertainties. These included: significant changes to HEFCE funding (including in-year changes) once the fee landscape for the sector as a whole was confirmed; inflationary considerations (on pay and non-pay costs); currency fluctuations; the buoyancy and potential for growth of student numbers on graduate taught courses; the implications of changes to pensions arrangements; reduced resource and increased competition for research income; and the impact of current economic and geopolitical uncertainties on Cambridge University Press (CUP) and Cambridge Assessment (CA). It was important that the projections should continue to be subject to regular in-year re-appraisal. It was noted, in this context, that Table 1 of the Report set out the variances to date from the budget for 2010-11.

The Committee agreed to commend the draft report to the Council for signature at the meeting on 16 May 2011.

Action: Director of Finance

48. Pensions

Cambridge University Assistants’ Contributory Pension Scheme

Mr Indi Seehra, Director of HR, attended for this item.

A summary of the Cambridge University Assistants’ Contributory Pension Scheme: proposed scheme design for future service was received as Paper FC(11)51.

The Committee was reminded that a Special Joint Negotiating Committee (SJNC) comprising employer and union representatives had been established to discuss proposed changes to the CPS, in accordance with the provisions in Ordinances (p125-6). The SJNC had agreed proposals which had been considered by the University and Assistants Joint Board at its meeting on 21 March 2011 and by the Finance Committee’s Business Sub-Committee at its meeting on 13 April 2011. The Director of HR reported on the negotiation process and set out the key elements in the scheme as now proposed.

The Committee confirmed that the proposals met the terms and the requirements which it had agreed at its meeting on 28 April 2010: it was believed to be affordable, sustainable and reduced the risk to the University; and it offered an attractive, flexible and high quality pension scheme to employees. It was important that the materials for the consultation process provided detailed explanations of the various elements of the scheme and worked examples. It was noted that there would, at the end of the formal consultation process with individual members of the scheme, be further negotiation with the union representatives.
The Committee agreed to recommend to the Council that the proposals go forward for formal staff consultation with individual members of the scheme.

**Action:** Director of Finance

49. **North West Cambridge**

Mr Roger Taylor, North West Cambridge Project Director, attended for this item.

The following documents were received:

Paper FC(11)52 The Project Director's report and update on the North West Cambridge Development.


Mr Johnston, as Chair of the Project Board, and Mr Taylor reported. Considerable work had been undertaken to address the implications of the Government's decision to cancel the A14 upgrade project. Discussions with the Highways Agency had been positive. A comprehensive draft of the outline planning application had been submitted to the planning authorities who had welcomed the submission and had identified only limited matters in respect of which further negotiation and revision was required. It was anticipated, subject to approval by the Regent House, that the final application would be submitted in August 2011 and that determination of an outcome would be notified to the University by the end of the calendar year.

Significant work had already been undertaken in respect of the possible shape and scale of the Phase 1 project should it be agreed that that project should go ahead. The key objective, during that phase, would be to create a stable community with appropriate social and commercial facilities. There would be significant and fixed infrastructure costs in that first phase and it was therefore financially beneficial to develop a large number of housing units in order to maximise returns. It was noted that the most recent financial appraisal for the overall project, as well as for a first phase based on the scale recommended, showed only small positive internal rates of return (and negative NPV for a first phase) which emphasised that strategic and academic need should be the main drivers for proceeding. It was further noted that the financial appraisal did not, at present, include the costs of borrowing for the project. It was intended to run a model with those included for comparative purposes. There had been constructive discussions with the Colleges about a collegiate presence on the site and a joint University and Colleges working group, under the chairmanship of Lord Wilson, had been established.
It was emphasised that, in terms of financial commitment, the Committee was, at this stage, being asked only to approve additional funding to finalise and submit the outline planning application; resource the University's interaction with the planning authorities during the determination period; develop the S106 agreement and planning conditions; undertake more detailed work on the Phase 1 project; and initiate the recruitment process in respect of key members of the project team. The decision to proceed to Phase 1 (and future phases) of the scheme would be made only following detailed further financial appraisal and a robust business case and would be subject to further Graces.

The Committee also considered the draft Report and, for its part, agreed that the submission at this stage of an outline planning permission application was both necessary and timely.

A further progress report would be brought to the Committee at its meeting on 6 July. It was agreed that the matter should also be on the agenda at the Committee's meeting on 14 September 2011 and at the Council strategic away day on 26 September 2011.

The Committee agreed to:

(i) approve additional funding of £2,086k to finalise the outline planning application; provide the necessary management and technical resource to respond to local authority requests/requirements during the determination period, and negotiate and draft the s106 Agreement and planning conditions required for grant of Outline Planning Consent for the North West Cambridge development;

(ii) endorse the proposed scope of a first phase of development at North West Cambridge, as described in paragraph 2.3 of Paper FC(11)52; and

(iii) approve funding of £270k to undertake the more detailed Phase 1 study and to progress the recruitment of key members of the management team for the project.

50. Policies and Procedures

Sites and Buildings Regulations

Mrs. Helen Jackson and Mrs Rosemary Boyle of the Legal Services Office attended for this item.

Further draft revised Sites and Building Regulations were received as Paper FC(11)54.

Mrs Jackson reported that the proposals did not seek to change the current regulatory process. Rather, they sought to bring together and codify in a
coherent and accessible manner the provisions, regulations, ordinances and customary approval processes which had arisen, over a considerable period, in regard to the management of land and buildings. The purpose was to streamline processes, thereby improving compliance and oversight.

The Committee was reminded that a previous iteration of the regulations had been considered by the Business Sub-Committee at its meeting on 2 February 2011. At that meeting and in the subsequent extensive consultation process, the following two key issues had arisen:

(i) *Cambridge Assessment*

The Business Sub-Committee had noted that there was no equivalent to Statute J (‘The University Press’) for Cambridge Assessment (CA). CA was therefore subject to the same level of detailed regulation as any other University department. Following consultation, it had been proposed that the Cambridge Assessment Syndicate should be responsible for its land and building projects up to a total cost of £15m. Projects in excess of that sum would require Finance Committee approval.

The Committee agreed that there was no apparent case, in corporate governance terms, for a disparity in the arrangements in this regard between CA and CUP and that it would be appropriate to implement, in due course, a harmonisation of such delegations to the Syndicates of CA and CUP.

(ii) *Delegated responsibility for maintenance, minor and emergency works*

There already existed a provision within regulations for delegation to certain departments. However, the level had been set in 1994 and stood at £200. Further, there was a lack of clarity both about the extent of the departmental authorisation and the expectation in terms of oversight by Estate Management (EM). It was now proposed that there be a formal provision for delegated authority to carry out maintenance, minor and emergency works up to a specified limit. All such delegation would be subject to approval by EM and would be granted following a due diligence process and on the basis of an assessment of competency and resource within the department concerned. EM would retain responsibility for all matters which were not formally delegated. The Buildings Committee had approved these delegation arrangements in principle but would review the process for the implementation of the proposed delegation and the financial limits at its meeting on 29 June 2011.

In terms of implementation, it was proposed that the existing regulations should be repealed by Grace and the new regulations issued by means of a Joint Notice. The sites and buildings regulations would, by that means, be established on the same basis as the Financial Regulations.
The Committee approved the paper and agreed to commend the draft Report to the Council for signature in due course.

Vice-Chancellor
6 July 2011
Finance Committee 4 May 2011: Straightforward and reported business submitted for decision or report

1. Finance Committee Business Sub-Committee
   Minutes – 13 April 2011. To be approved at the June Sub-Committee meeting. For information

2. The University’s Cash Balances and Authorised Investments Limits
   Status attached. Noted

3. Sealings
   Noted