Minutes of the meeting held on Wednesday 5 March 2008.

Present: The Vice-Chancellor in the Chair, Professor Barker, Dr Clark, Ms Coutu Dr Dissanaike, Mr Johnston, Ms Lowther, Professor Minson Mr Pratt, Mr Reavley, Dr Reid and Mr Summers, with the Administrative Secretary as Secretary, the Director of Finance, the Academic Secretary, the Director of Estate Management and Mr Troupe.

PART A: INTRODUCTORY

44. Minutes

The minutes of the meeting held on 6 February 2008 were approved subject to the following amendments:

with regard to Minute 41, Cambridge Enterprise Limited, Dr Clark declared an interest as an inventor and Minute 41 (v) was amended to read:

“the accounts showed a loss whilst £5.3m from technology and knowledge transfer had been returned to inventors, University Departments and the University. Distributions were based on the Distribution Policy. It would be useful if the returns were recategorised to show how much was returned to the University as a whole;”

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

A paper listing straightforward and reported business was received and is attached to the minutes. The Committee approved matters for decision contained in the confirmed list of straightforward or reported business, and received the other material.

One item was unstarrred:

Item 1, Committees, Audit Committee – 24 January 2008
The Committee noted that the Chairman of the Audit Committee would attend the second November meeting of the Finance Committee rather than a number of Audit Committee Members. This would allow more efficient use of members’ time whilst still enabling the Chairman of the Audit Committee to report on the proceedings of the Finance Committee in order to assist the Audit Committee in discharging its responsibilities with regard to the accounts.

46. Future business and work plan

An updated work plan for 2007-08 was received as Paper FC(08)49.
PART B: SUBSTANTIVE BUSINESS

47. Accounts

Quarterly Management Accounts

The Management Accounts for the second quarter of 2007-08 were received as Paper FC(08)48.

The Director of Finance gave a presentation - Half-year review 2007-08 of “Little U”.

The Committee noted that:

(i) overall the key figures were favourable to budget;
(ii) revenue had increased and there was an operating surplus;
(iii) income was ahead of budget and 11.2% higher than 2006-07;
(iv) “other income” was favourable to budget and significantly higher than 2006-07;
(v) research grant income was on budget and indirect cost recovery was satisfactory. Research Council grants had increased by 16.1% on 2006-07 but indirect cost recovery was below budget, due to a significant number of continuing grants that were awarded before full economic costing was implemented;
(vi) expenditure was slightly higher than budget, mainly due to higher staff costs, however this was within overall expectations when incremental progression was taken into account;
(vii) capital expenditure was well below budget, due to phasing;
(viii) a modest surplus was predicted at year end;
(ix) net assets had increased 6.0% to £1,927m, the revenue mix was more diversified and cash deposits were rising;
(x) there had been an under spend year to date of Chest funds allocated to Schools;
(xi) the following uncertainties could affect the future financial position - pension costs (USS valuation), staff pay inflation, research indirect cost recovery, HEFCE funding, financial and investment market performance. The effect of the changes to non-domicile taxation should also be investigated; and
(xii) the November 2007 meetings of the Committee had asked why Oxford had increased its research income by 16% in 2006-07 compared to 3.7% for Cambridge. Year to date 2007-08 research income had increased by 7.3% at Cambridge. Although Oxford had acquired some research units which would give the appearance of a large rise in research income further analysis was needed. The Research Services Division now had the means to undertake more detailed analyses going forward.

Action: Director of Finance

48. Investments

(i) Investment Board

The Minutes of the Investment Board held on 20 February 2008 were received as Paper FC(08)59.
(ii) **Microsoft Building**

A paper prepared by the Director of Finance on the transfer of the Microsoft Building from the CUEF to Cambridge and Madingley Let Properties was received as Paper FC(08)60.

The Committee approved the transfer and agreed that further work on the strategic management and categorisation of the Cambridge and Madingley Let Properties should be undertaken.

**Action:** Director of Finance, Registrary

(ii) **The University’s Cash Balances and Authorised Investment Limits**

A paper summarising the current arrangements for managing the University’s cash balances and reviewing the policy on the limits for investments was received as Paper FC(08)61.

The Committee noted a review had been undertaken in view of the increase in the University’s cash balances, the changes in the money markets and the difficulties in the banking system. Revised Authorised Investment Limits and the use of a second ratings agency, Moodys, for investments not rated by the first agency, Fitch, was proposed.

The Committee approved the changes to the Authorised Investment Limits Policy and the use of Moodys as a second ratings agency subject to it being made clear in the policy that Moodys would only be used if Fitch did not rate the counterparty in question and a comparison of the Fitch and Moodys rating systems was included. Further thought should also be given to the appropriate level of operational cash limits and liquidity.

**Action:** Director of Finance

49. **University Institutions**

**Cambridge Assessment**

The Minutes of the meeting between the Finance Committee’s working group and representatives of Cambridge Assessment and its auditors, held on 20 February 2008, and the Cambridge Assessment Annual Report 2007-08 and business plan 2008-2013 were received as Papers FC(08)50, 51 and 52.

The Committee noted that:

(i) an operating surplus of around £20m per year was projected for the next five years;
(ii) Cambridge Assessment faced a challenging market going forward particularly in relation to information technology, but it had certain advantages over the competition. Its five year plan included targets and looked to develop international markets further as the UK market was flat; and
(iii) a capital transfer to the Chest was predicted during 2008 – 09 and this would be discussed by the Chair of the Syndicate and the Finance Director.

**Action:** Director of Finance

50. **North West Cambridge**

The following Papers were received:

- **Paper FC(08)53** Minutes of the meeting of the NW Cambridge Strategy Committee held on 6 February 2008.
- **Paper FC(08)54** North West Cambridge Budget Report and interim development appraisal report prepared by GVA Grimley.

The Committee noted that:

(i) discussions with the planning authorities had been ongoing and it may be possible to bring forward the submission of a planning application for the part of the site within the City boundaries;

(ii) the GVA Grimley report indicated the project was financially viable;

(iii) the appointment of a Project Director was moving forward. No decisions on planning applications or whether to proceed with the project would be taken until the Project Director was in place; and

(iv) a £1.5m loan from the Chest to the project had been previously approved, expenditure to date was £1.2m. Further work to take the project to the next stage was estimated to cost £2.9m, taking the cumulative cost to £4.1m. This would cover the preparation of the phase 1 planning application and the remaining stages of the Area Action Plan.

The Committee agreed that the project should continue and that the loan from the Chest to fund preparatory work be increased to £4.1m.

**Action:** Director of Finance

Vice-Chancellor
16 April 2008
Finance Committee 5 March 2008: Straightforward and reported business submitted for decision or report

1. **Committees**

   Received the Minutes from the following Committees:

   - **Planning and Resources Committee** – 20 February 2008
   - **Buildings Committee** – 23 January 2008
   - **Audit Committee** – 24 January 2008
   - **Purchasing Working Group** – 15 February 2008

   Noted.

2. **Pensions**

   - **CPS – Formation of Trustee Company** Draft Memorandum and Articles of Association

   Noted.

3. **Sealings**

   Received.