Minutes of the meeting held on Wednesday 7 June 2006.

Present: The Vice-Chancellor in the Chair (for the business to which Minutes 42-49 [part] refer), Professor Chase, Dr Clark, Dr Dissanaike, Professor Hunter, Mr Johnston, Mr Larkum, Ms Lowther, Professor Minson (in the Chair for the business to which Minutes 49 [part]-50 refer), Dr Nicholls, Dr Reid and Mr Thompson, with the Administrative Secretary as Secretary, the Registrary, the Director of Finance, the Academic Secretary, the Director of Estate Management and Mr Troupe.

PART A: INTRODUCTORY

42. Minutes
The minutes of the meeting held on 10 May 2006 were approved, subject to the following addition:

Minute 39 (iv), University Companies Judge Business School Executive Education, add

“The management of the Judge Business School would be responsible for and accountable to the central bodies for the performance of the new company.”

The Committee noted that the current pay dispute had been resolved with a settlement over three years, and that an advertisement for a replacement for Dr Nicholls as a member of the Committee would shortly be placed in the Reporter.

43. 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 any matters for decision contained in the confirmed list of straightforward or reported business, and received the other material.

44. Future business and workplan
An updated statement was received (Paper FC(06)85).
PART B: SUBSTANTIVE BUSINESS

45. Accounts

Management Accounts
The Management Accounts for the third quarter 2005-06 were received (Paper FC(06)86) and was introduced by the Director of Finance.

The Committee noted that:

(i) the Income and Expenditure account was broadly in balance;
(ii) break-even was expected at year end;
(iii) staff costs had risen by around 3.6% on last year, excluding the pay and grading exercise. Once implemented extra staff cost expenditure, in relation to the pay and grading exercise would be matched by income from additional HEFCE Rewarding and Retaining money. The pricing of research grants and contracts would also take account of additional staff costs;
(iv) other Operating Expenditure from the Chest was well below budget. There was some concern that reduced spending may be damaging, although it was noted that it appeared that more expenditure previously charged to University funds was now being charged to research contracts or SRIF allocations;
(v) overhead recovery on research grants and contracts was still below that budgeted; this included £7.7m transitional funding as a result of full economic costing. The situation was a matter of serious concern and would be monitored closely since fEC overhead recovery was an important component of the University’s return to surplus;
(vi) Capital Expenditure was below budget. However plans were on track and some expenditure planned in the previous financial year was not yet shown. SRIF funds could only be spent from April onwards; and
(vii) debtors were trending downwards and the balance sheet was in line with expectations.

46. College Contribution

Assessment Sub-Committee
Minutes of the meeting held on 23 May 2006 and a draft Annual Report were received (Papers FC(06)87 and 88). Dr Reid presented the papers.

The Committee noted that:

(i) a wider review of Colleges contribution and the Colleges Fund was taking place;
(ii) the Sub-Committee had identified a problem arising from the present deductibility of a number of building related sinking funds, which had resulted from a mistake in the drafting of an amendment to the
relevant Statute in 1974. This had led to a material loss of income to the Colleges Fund; and
(iii) the Sub-Committee recommended that the Statute be amended to reflect the position prior to 1974, thus closing the loophole.

The Committee agreed to recommend to the Council that the draft Report to the University proposing the amendment of Statutes be approved in principle, and that it be circulated to the Colleges for comment.

**Action:** Draftsman, Administrative Secretary

47. University Institutions

**University of Cambridge Local Examinations Syndicate ("Cambridge Assessment")**

Unconfirmed Minutes of the Working Party set up to review the accounts of Cambridge Assessment held on 8 May 2006 and the UCLES Group Annual Report 2004-05 were received (Papers FC(06)90 and 91).

The Committee noted that:

(i) the conclusion of the Working Party was satisfactory;
(ii) Cambridge Assessment continues to make a surplus;
(iii) a warehouse at Duxford had been purchased which would allow rationalisation of warehouse space and operational improvements;
(iv) the accounts of the University and Cambridge Assessment had been consolidated over the last year;
(v) Cambridge Assessment had adopted the HE SORP; and
(vi) it was unfortunate that it had not been possible for the meeting on 8 May 2006 to be more fully attended.

48. Strategic Planning Reserve Fund

**Proposed Milstein Professorship of Immunology, University of Oxford**

A proposal about a possible donation to the University of Oxford for the proposed Milstein Professorship of Immunology in that University was received (Paper FC(06)98). The request for a donation was made by Professor Waldman of Oxford, a former member of staff of the University of Cambridge. Professor Minson declared an interest as a long term colleague of Professor Waldman and as a member of the Cambridge Department of Pathology.

The Committee noted that:

(i) the paper proposed that the University contribute £600k (£150k per year for four years), from the Strategic Planning Reserve, to the endowment of the Milstein Professorship of Immunology at the University of Oxford. A contribution from the Strategic Planning Reserve would not strictly speaking require authorisation by Grace, but there were strong arguments for such authority being sought;
it was unusual to contribute to a chair at another institution, particularly when the University was raising money for itself with the 800th Campaign, and problems may be perceived. The direct benefit to the University was also not clear from the paper as drafted;

the Legal Services Office was of the view that it would not be improper for the University to make a contribution, both in respect of its status as an exempt charity and in respect of its powers under the Statutes and Ordinances. However, it recommended that the Charities Commission should be informed if the donation was provided;

Dr Clark declared an interest, in that he and Professor Waldman were co-inventors of Campath, and that both of them had some time ago donated their interest in Campath to the University. The University had in recent years received about £6m in contractual payments from BTG in respect of Campath. Professor Waldman’s work in Oxford had contributed to the recent success, and to the stream of income;

an ex-gratia gift from general University funds should be authorised by Grace; and

the paper as presented did not sufficiently explain why this contribution should be made. The arguments needed to be set out more clearly before being put in front of the Council.

The Committee agreed that the Council should be informed of these points.

Action: Registrary, Administrative Secretary

49. Investments
Investment Board Minutes – 3 May 2006
The Minutes of a meeting of the Investment Board, held on 3 May 2006, were received (Paper FC(06)96).

The Committee noted that the Board was considering recommending an investment in a fund in which one of its members had an interest, and that he had declared that interest. The Committee were informed that he had also withdrawn from the meeting. The purpose of the Board, as approved by the Council, was in particular to determine the investment objectives, allocations to various asset classes, and to advise on the appointment and monitor the Chief Investment Officer (CIO). This work was far from complete, and the Committee suggested that it was premature, in advance of further progress, for the Board to proceed with individual investment decisions. The possibility of reputational risk was mentioned. The Committee confirmed there was no objection in principle to investments in vehicles managed by members of the Board, provided the decision was taken after full process.

The Committee agreed to inform the Board of their comments.

Action: Vice-Chancellor, Director of Finance
50. Planning and Resources
   Planning and Resource Committee Minutes – 24 May 2006
   The Minutes of a meeting of the Planning and Resource Committee, held on
   24 May 2006, were received (Paper FC(06)89).

   The Committee agreed to suggest that PRC minutes should in future more
   clearly express the status of individual building warrants (e.g. as to whether
   cost overruns or changes in plans were involved).

   Action: Secretary PRC, Secretary Buildings Committee

   Vice-Chancellor
   12 July 2006
Finance Committee 7 June 2006: Straightforward and reported business submitted for decision or report.

1. **Sealings**
   - List attached. **For decision:** to note

2. **Student Matters:** Graduate Union
   - **For decision:** to approve the recommendations of the sub committee
   - **Action:** Administrative Secretary

3. **Pensions**
   - (i) USS: 7th and 8th Deeds of Amendment
   - (ii) USS: Finance Act 2004. Election for enhanced protection. This item was briefly discussed
   - (iii) CUTS – Participation in the CUACPS
   - **For decision:**
     - (i) to recommend to Council that a Notice (Paper FC(06)101 should be published in Reporter)
     - (ii) to approve the recommendation (Paper FC(06)102)
     - (iii) to approve admission of Cambridge Enterprise to the CPS (Paper FC(06)103)

4. **Buildings Committee Minutes – 3 May 2006**
   - Attached. **For decision:** to receive the Minutes

5. **University Companies – Financial Statements 2004-05**
   - **For decision:** to note and receive the Financial Statements of each company

   Paper No. 84

   Paper No. 95

   Paper No. 99, 100 & 101

   Paper No. 102

   Paper No. 103

   Paper No. 92

   Paper No. 104 & 105