PART A: INTRODUCTORY

56. **Membership**

Professor Minson, who was appointed a member of the Finance Committee by Grace on the recommendation of the Council, would be retiring as Pro-Vice-Chancellor for Planning and Resources on 31 July 2009. A Grace had been put forward for the appointment of Professor Young (incoming Pro-Vice-Chancellor for Planning and Resources) as a member of the Committee with effect from 1 August 2009.

The Committee recorded its gratitude to Professor Minson for his exceptional contribution to the work of the Finance Committee and his many achievements across the whole spectrum of planning and resource activities within the University.

57. **Procedure of the Committee – Declaration of Interest**

No personal or prejudicial interests were declared.

58. **Minutes**

The Minutes of the meeting held on 6 May 2009 were approved.
59. **Straightforward and reported business: agenda items starred as straightforward**

A paper listing straightforward and reported business was received. The following matters were unstarred and were discussed at the meeting.

(i) **Investment Board** – Minutes of the meeting held on 20 May 2009  
(Paper FC(09)76)

It was noted that Minute 8 recorded progress on opening CUEF to Colleges. There should be an analysis of the additional costs which the University would incur as a result of this expanded investment eligibility and a decision, on the basis of that analysis, about how those costs should be borne. While potentially benefiting those Colleges which chose to invest, there could also be benefit to the University in having more volume in the Endowment Fund. Discussions with certain Colleges were at an early stage.

(ii) **Accounts – Bad debts and write-offs** (Paper FC(09)80)

Revised arrangements in RSD (which had brought to light the three bad debts listed in FC(09)80) would ensure that such failures of process should not recur.

(iii) **Sealings** (Paper FC(09)85)

Uptake on the Shared Equity Scheme remained low and apparently still focussed on senior appointments. This provision was an important element within a wider recruitment package. Publicity arrangements should be reviewed.

**Action:** The Registrary

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

60. **Future business and work plan**

The following Papers were received:

| Paper FC(09)60 | Updated statement for 2008-09 |
| Paper FC(09)61 | Proposed workplan for 2009-10 |
PART B: SUBSTANTIVE BUSINESS

61. Accounts

Management Accounts 2008-09

The Committee had before it the Management Accounts (Paper FCBC(09)45) for the third quarter 2008-09 which had been considered in detail by the FC Business Sub-Committee at its meeting on 3 June 2009, together with a summary statement.

The Director of Finance noted that the summary statement continued to indicate a surplus ahead of budget, consistent with trends observed throughout the year. In revenue terms, investment income remained better than anticipated. Research grant and contract income remained healthy; work continued on improving budgeting for fEC recovery. It was noted, however, that the investment market movements had reduced the value of investment assets by some £140 million over the year to date.

The current surplus ahead of budget was attributable, in part, to conservative budgeting, particularly in the areas of research grant income, and favourable transfer from Cambridge Assessment and investment income. The budget for costs had proved to be accurate; that for income, less so.

62. Financial Statements

Review of Accounting Policies

The Committee received Paper FC(09)62 and approved the accounting policies to be applied for the 2008-09 financial statements.

Action: Director of Finance

63. Taxation

Mr Kerry Sykes, Deputy Director of Finance, attended for this item.

As part of the annual review of taxation, the Committee received a paper (Paper FC(09)63) about the University’s tax position. There had been no change, over the period, in the University’s overall approach to tax nor in its relationship with HMRC. The Committee’s attention was particularly drawn to various detailed matters (relating to PAYE, VAT and Corporation Tax) set out in the circulated paper.

The Committee was content that the University’s tax affairs were being managed appropriately.

64. Insurance

Renewal 2009

Mr Kerry Sykes, Deputy Director of Finance, attended for this item.

The Committee received a paper (Paper FC(09)64) about proposals for insurance renewal. Several insurers had been invited to bid but only two had offered insurance
against the whole programme. Comparative prices (and the factors reflected in those prices) and provision for these two insurers were set out in the circulated paper. It was noted that discussions were also taking place with a third supplier in respect of cover for the investment properties.

The Committee agreed provisionally, and subject to further negotiation:

(i) that cover for liability risks should be placed with a company, subject to points (ii) and (iii) below and assuming that any negotiations under points (ii) and (iii) didn't impact adversely on the terms and conditions of the arrangements with that company;

(ii) to delegate authority to the Director of Finance to place cover for property with a second company subject to successful negotiations in respect of the level and price of property cover and the additional cover for computer equipment remaining at least £75,000 lower than the first company’s offering;

(iii) to delegate authority to the Director of Finance to place cover for investment properties with a third company subject to the satisfactory conclusion of negotiations on price and cover.

In respect of standard insurance business, the Committee noted:

(i) that the University’s claim record remained good;

(ii) that the policy of offering free travel insurance to individuals travelling on University business continued to be successful and had, in the past year, been extended to include PhD students;

(iii) that the insurance process for clinical trials remained administratively burdensome but that discussions were taking place with the present insurer with a view to simplifying the process.

Action: Director of Finance

65. Pensions

CU Assistants’ Contributory Pension Scheme (CPS)

Dr R Hinkley, Chairman of the CU Pension Trustee Limited, attended for this item.

The Committee received the following papers:

Paper FC(09)65 Notes of a meeting of the Pensions Working Group held on 1 June 2009

Paper FC(09)66 Extract from the Minutes of the FC Business Committee held on 3 June 2009, and the relevant table extracted from the Minutes of the Pensions Working Group held on 7 May 2009.

The Committee had received the following Papers at its May meeting:

Paper FC(09)50 Actuarial Valuation of the Cambridge University Assistants’ Contributory Pension Scheme (CPS) as at 31 July 2009.


Paper FC(09)52 CPS – Memorandum on Actuarial Valuation (prepared for CUP Pension Trustee Limited).
The purpose of the discussion was to provide a framework for the consultation process and the formal negotiations which would take place between the employer and the Trustee as part of the triennial actuarial valuation of the CPS which was due on 31 July 2009. Dr Hinkley spoke of the importance of a mutual understanding between the Trustee and the employer of the context within which the valuation process would be agreed and any necessary recovery plan developed. In agreeing the assumptions to be used in the 2009 valuation and any recovery plan that might result, the Trustee would take into account the strength of the employer’s financial covenant and the level of reassurance that the University could give that it was willing and able to continue to support the CPS. Other considerations such as the University’s capacity to control salary costs and the investment returns which the Scheme’s assets would prudently be expected to achieve would also be important.

[Dr Hinkley left the meeting.]

The Committee thereafter considered the proposed assumptions and discussed, in detail, the nature and the extent of the reassurance which the University could provide to the Trustee in respect of its support for the CPS.

The Finance Committee was of the opinion that the University was in a sound financial state and was taking the necessary steps to maintain the strength of its financial covenant both in the short and long term. The University recognised the requirement to meet accrued obligations in respect of the CPS. It believed a defined benefit pension scheme was an attractive part of the total remuneration for support staff as long as any such pension scheme was affordable and sustainable.

The Committee agreed that the CPS Trustee should be informed that the University intended to continue its support for the CPS on this basis. To ensure that the scheme remained affordable and sustainable the Committee had asked its Pensions Working Group to make proposals which would promote those twin objectives. The Committee hoped that the Trustee would work with the University in exploring and implementing any agreed changes that might prove necessary.

**Action:** Registry, Director of Finance

66. **Financial Strategy**

The Committee received, as Paper FC(09)67, a paper by Booz & Company about University Financial Strategy and a summary paper. Ms Coutu introduced the papers and informed the Committee about discussion at a meeting on 4 June 2009 at which the Vice-Chancellor, the Pro-Vice-Chancellors, the Heads of Schools and others had met to consider Booz’s preliminary assessment. The Financial Strategy Task Force had since met to consider priorities and determine future work.

Finance Division staff would shortly undertake further financial modelling on various matters including: undergraduate ‘top-up’ fees; overseas undergraduate student numbers; and fee levels and the balance between ‘professional’ and ‘academic’ Masters degrees. The Pro-Vice-Chancellor for Education had already initiated an investigation into the transition between academic Masters courses and the PhD and how best this ‘pipeline’ might be managed. Over the course of the forthcoming academical year, it was anticipated that further work would be undertaken by RSD on questions relating to
FEC recovery and TRAC deficits and that opportunities for further surpluses from the University’s trading businesses would be explored.

It was agreed that any financial modelling should consider the implications of a possible significant reduction in resource. Given the many uncertainties, modelling should produce a range of scenarios rather than a single strategy. Work could also usefully be done on establishing robust statistical information across a range of matters upon which informed decisions could be made. While recognising the additional burden which such work represented, it was desirable that it was, as far as possible, carried out internally so as to be informed and realistic. Both financial and academic grounds should be taken into account in setting strategy.

**Action:** Director of Finance

67. **Northwest Cambridge**

The Registrary reported on progress on the Northwest Cambridge project:

(a) A revised and enlarged footprint plan (including a 20% increase in housing) had been submitted and discussed at a reconvened hearing for the Area Action Plan at which the University had reconfirmed its needs requirement. The Inspector’s report was expected at the end of July and it was anticipated that it would acknowledge the need for some level of supermarket provision.

(b) Significant procurement work had been undertaken about the establishment of its project team. Tenders for the Master Plan had been submitted and the selected finalists would be interviewed on 13 July. Work would commence immediately thereafter on a revised Master Plan with a view to completion in January 2010.

(c) A committee of appropriate College representatives had been established and would work closely with the University project team and external bodies.

(d) Engagement with the University would take place as follows:

(i) A detailed Notice (providing an update of developments since the last Report) would be published during Michaelmas Term 2009;

(ii) A discussion paper would be issued during the early months of 2010;

(iii) A Report to the University would be published thereafter. This Report would provide financial information and propose future governance arrangements for the ongoing development of the site. In the meantime, the current Strategy Committee (offering a range of internal and external expertise) would remain in place.

The work plan for the Finance Committee should be co-ordinated with that of the West Cambridge Strategy Committee. A paper would be brought to the Finance Committee at its meeting on 7 October 2009.

**Action:** Registrary
68.  **University Companies**

(i)  **Cambridge Enterprise**

The following Papers were received:-

Paper FC(09)68  Minutes of the meeting of the Board of Cambridge Enterprise Limited held on 23 March 2009.

Paper FC(09)69  Cambridge Enterprise Annual Budget for 2009-10.

The Committee:

(a) approved the Annual Budget for Cambridge Enterprise Limited for 2009-10 as required by the Memorandum of Understanding; and

(b) recommended to the Council the appointment of Professor Minson as a Director of Cambridge Enterprise Limited.

**Action:** Dr Allen

(ii)  **JBS Executive Education Limited**

The Committee received the JBSEEL Budget for 2009-10 (Paper FC(09)70) as required by the Memorandum of Understanding. The Committee noted that the budget indicated significant financial growth. It was suggested that the budgeted overhead costs might in future be broken down to distinguish between fixed, semi-variable and variable costs.

**Action:** Director of Finance

Vice-Chancellor

7 October 2009
Finance Committee 8 July 2009: Straightforward and reported business submitted for decision or report

1. **Minutes**

   Received the following Minutes:

   - FC Business Sub-Committee – 3 June 2009
   - Planning and Resources Committee – 17 June 2009
   - Audit Committee – 4 June 2009
   - Buildings Committee – 13 May 2009
   - Financial Systems Committee – 18 June 2009
   - Investment Board – 20 May 2009
   - Purchasing Working Group - 28 May 2009
   - Value for Money Committee – 30 April 2009

   Noted.

2. **Pensions**

   **USS**

   17th Supplemental Amending Deeds of the current rules.

   Received the information and noted that it was not necessary to publish a Notice in Reporter.

3. **Accounts**

   Write-offs – Approve

4. **Internal Loans**

   (i) Annual Report
   (ii) Loan request

   Noted Annual Report and approved request

5. **Deposit Account**

   **The University’s Cash Balances and Authorised Investments Limits.**

   (i) The Committee agreed at its November meeting that in the current economic conditions regular reports would be made on the status of the University Deposit Account. Status attached.
At its October 2008 meeting the Committee had agreed a temporary revision of authorised investment limits. The Committee received a review of the policy at its meeting on 4 March 2009 and agreed that the temporary policy be continued for review in July 2009.

Approved policy, for review again July 2010

6. **CU Potato Growers Association**

   Change to constitution. – Approved change

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7. **Sealings**

   Noted.

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