Minutes of the meeting held on Wednesday 9 July 2008.

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

Apologies were received from: Dr Clark and Dr Dissanaike (on leave from his University Office and as such dispensed by the Committee from attending during the period of his leave).

PART A: INTRODUCTORY

76. Procedure of the Committee – Declaration of Interest

Mr Reavley, as Director Designate of Research Services, declared an interest in relation to Minute 81 (a). Professor Barker declared an interest in relation to Minute 85.

77. Minutes

The minutes of the meeting held on 4 June 2008 were approved.

78. 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 unstarred:

University Institutions - Cambridge Assessment and Cambridge University Press

A paper by the Registrary was received. The Committee noted that the settlement of £1.3m between Cambridge Assessment and the CUP was a negotiated settlement that was acceptable to both Chief Executives and their Syndicates. The outcome was neutral to the University as a whole. The transition of the Press’ printing business and the related costs and benefits were still being worked on and details would be provided to the Committee when available.

79. Future business and work plan

The following Papers were received:

Paper FC(08)120 An updated work plan for 2007-08
Paper FC(08)121 Dates of meetings for 2008-09
Paper FC(08)122 Proposed workplan for 2008-09.
80. **Finance Committee**

**Finance Committee procedure**

A paper about Membership of the Business Sub-Committee to be established for 2008-09 to deal with preparatory and routine business was received as Paper FC(08)107. The Committee agreed the membership of the Business Sub-Committee as below:

The Pro Vice-Chancellor for Planning and Resources (Chairman); Mr Pratt; Mr Summers; Dr Dissanaike; and Dr Reid.

*Action: Director of Finance*

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**PART B: SUBSTANTIVE BUSINESS**

81. **Financial Internal Controls**

(a) **Financial Regulations**

Draft Financial Regulations were received as Paper FC(08)99 together with a briefing note on the main changes from the current version.

The Committee noted that there were no fundamental changes but there was a significant restructuring of the existing Financial Regulations which made them clearer and easier to navigate and improved compliance. Links to Statutes and Ordinances were also articulated. The text had been refined and reorganised since the first draft presented to Finance Committee at its meeting on 9 January 2008.

The Committee approved the final draft revised Financial Regulations for its part and approved and agreed they be submitted to Council for publication in *Reporter*.

*Action: Director of Finance, Draftsman*

(b) **Travel and Subsistence Allowances**

The recommended policy and rates were received as Paper FC(08)100. The Committee agreed to:

(a) approve an increase in subsistence rates as set out in Paper FC(08)100;
(b) adopt a more flexible approach to subsistence rates; and
(c) maintain mileage rates at current levels.

*Action: Director of Finance*
82. Statutes and Ordinances

Proposed review of Statute F.III

An explanatory note prepared by the Legal Services Office and Mills & Reeve, outlining proposed changes to Statute F, primarily to clarify ability to borrow and invest in certain types of instrument, and for Colleges and other related bodies to invest in the CU Endowment Fund, was received as Paper FC(08)101.

The Committee agreed that the University’s financial powers under its Statutes needed to be unambiguous and up to date. Further work was being undertaken to identify any consequential amendments to the Statutes and Ordinances as a result of the changes to Statute F. The proposed full amendments would be brought back to the Committee in the Michaelmas term for further discussion with the objective of the necessary changes to the Statutes and Ordinances being approved by the Regent House by the end of the Michaelmas term. Some thought should be given to the conditions on which colleges may be permitted to invest in CUEF.

Action: Director of Finance

83. Investments

Deposit Account

A paper by the Director of Finance about the proposal to invest part of the University’s cash balances in the CU Endowment Fund (CUEF) was received as Paper FC(08)102.

The Committee noted that the University’s cash balances had shown an upward trend in recent years. There was a strong case for investing the core cash balances in longer term assets with a view to increasing the return to the Chest. This was University cash; it was not held on behalf of any related bodies and the University did not pay out any interest in it. The aim of the proposal was to take a long term view, however, there was a risk that the CUEF may under perform cash over any period. The downside risk was acceptable in the context of the University’s balance sheet.

The Committee approved the investment of £60 million of the University’s core cash balances in the CUEF.

Action: Director of Finance

84. Staff

Shared Equity Scheme

A paper prepared by the Interim Director of HR, proposing improvements and enhancements to the housing equity share scheme and other assistance with relocation, was received as Paper FC(08)103.

The Committee noted that high housing cost was one of the key factors which affected the University’s ability to attract and retain key academic and academic-related staff. The recent credit crunch and current restrictions on mortgage applications had further added to these difficulties and necessitated a review of the existing arrangements within
the shared equity scheme and related support. The scheme needed to be more generous and should be more proactively publicised.

The Human Resources Committee, at its 19 June 2008 meeting, considered improvements and enhancements to the scheme. These were agreed subject to approval from the Finance Committee of some key considerations regarding both the equity share scheme and options for a broader loan/assisted mortgage scheme.

Following a detailed discussion the Committee agreed:

(i) to increase the shared equity scheme from £150k to £250k per case;
(ii) to increase the Loan Fund II scheme from £10k to £100k per case;
(iii) to define an upper limit in terms of capital the University wished to be tied up in property. Initially £5 million was proposed, that limit to be reviewed on an annual basis by the Finance Committee;
(iv) to increase the value of the Reimbursement of Relocation Expenses Scheme from £6,500 to £8,000;
(v) that a group be established comprising the PVC Human Resources, HR Director and Finance Director to finalise the details of the scheme, to oversee and monitor it and report to the HR Committee; and
(vi) that a group life insurance scheme be set up to cover the University’s exposure.

The Committee also agreed that there should be an annual report on the scheme, which would be submitted to the Finance Committee and should include:
- consideration of introducing a second mortgage scheme;
- more detailed comparative information, via the Human Resources Committee, on similar schemes (take up, amount invested etc per institution);
- consideration of the University retaining its equity share and increasing the rental return when an individual leaves the University’s employ rather than turning the share into an interest bearing loan at that point;
- further work on life insurance cover and arrangements in case of divorce and death; and
- information on default rates for Loan Fund II; and

**Action:** Director of Finance, Interim Director of HR

85. Estates

**Non-operational Estate**

Mr Rob Simpson, Senior Estates Surveyor, EMBS, attended for this item. A paper about Strategic Review and Refurbishment Proposals were received as Paper FC(08)106.

The Committee noted that, at its meeting, held on 6 February 2008, it had approved the Cambridge and Madingley Let Properties accounts for 2006-07 and the updated recommendations of the Strategic Review of the portfolio. The Committee also agreed
that the top-slicing of rental income to fund the rolling five-year maintenance plan should remain at 25% until further work had been undertaken to determine the most appropriate level of re-investment and whether capital improvements to properties should be treated in a different way, whilst repairs and maintenance were paid for from current funds. At the following meeting, held on 5 March 2008, the Committee agreed that further work on the strategic management and categorisation of the Cambridge and Madingley Let Properties should be undertaken. In addition a review of vacant residential properties in need of renovation was undertaken. Currently the 25% top-slice of rental income produced limited funding of approximately £105k, which was insufficient to undertake the required refurbishment work and further funding for essential maintenance and refurbishment would be required. The Committee commented that it would be useful in future reports if an analysis of the value, use and what was spent on each property was included in the report.

The Committee approved:

(i) subdividing for reporting purposes the non-operational estate into residential and non-residential parts;
(ii) the paper proposed the establishment of a standing Estates Sub-Committee. This would be considered on the advice of an ad-hoc group set up to consider analysing the strategic planning of the whole non-operational estate making recommendations on the oversight of the management of the non-residential non-operational estate and the purposes for which properties and land were held. The group would have a limited life span and would report in Lent term 2009; and
(iii) setting up a refurbishment fund of £2.135m, funded by a loan to the Cambridge and Madingley portfolio on terms to be determined by the Director of Finance.

The Committee also noted the information with regard to property disposals.

Action: Director of Finance, Director EMBS

86. Taxation

Mr. Kerry Sykes, Deputy Director of Finance, attended for this item. A paper about the current University Tax issues was received as Paper FC(08)104.

The Committee noted the University’s tax position, as part of its annual review of taxation, and confirmed that the overall approach of maintaining a low risk profile with HMRC to minimise audit activity reflected the approach the Committee wished the Finance Division to adopt in managing the University’s taxation affairs. The concept of salary sacrifice for pensions could now be raised with staff and implemented since the CHRIS payroll system was now live. It would be useful if future reports included details on the tax position of the University Group rather than the University alone.

Action: Deputy Director of Finance
87. **Insurance**

Mr. Kerry Sykes, Deputy Director of Finance, attended for this item. A paper about proposals for insurance renewal was received as Paper FC(08)105.

(a) The Committee noted that:

(i) the total renewal showed an increase of 3.5%, wholly attributable to increased activity;

(ii) a prompt payment discount of £18,422 has been agreed;

(iii) a change of advisers will save £100,000 on fees over three years;

(iv) the travel policy had saved an estimated £40,000 in departments in its first year as well as facilitating enhanced risk management, additionally the travel cover could be extended to include all students at minimal cost; and

(v) Museum cover could be extended to include the smaller museums at no additional cost whilst the premium itself would fall by 22%.

(b) The Committee agreed:

(i) to approve renewal of the Insurance Programme with the current insurers and on the terms detailed in Appendix A;

(ii) to extend the existing museum policy to include the smaller museums and galleries;

(iii) the University travel policy should be extended to all students for travel in connection with their University studies; and.

(iv) a policy for undergraduates on overseas exchanges and work placements should be introduced subject to a suitable policy being identified at a cost of no more than £10,000.

Vice-Chancellor
8 October 2008
Finance Committee 9 July 2008: Straightforward and reported business submitted for decision or report.

1. Committees

Received and noted the Minutes from the following Committees:
Planning & Resources Committee – 18 June 2008
NW Cambridge Strategy Committee – 4 June 2008
Cambridge Enterprise Limited – 31 March 2008
Pensions Working Group – 11 June 2008

2. HEFCE

HEFCE Financial Memorandum
Received and noted the model Financial Memorandum between HEFCE and institutions effective 1 August 2008.

3. Financial Statements

Received and noted the Paper on the accounting policies to be applied for the 2007-08 financial statements.

4. University Institutions

Cambridge Assessment and Cambridge University Press
Received and noted the Paper by the Registrary on the financial settlement. See also Minute 78.

5. University Companies

Paper received on the proposed liquidation of two University subsidiary companies

Noted and agreed to the proposed liquidation of Cambridge University Environmental Projects Limited and Cory Enterprises Limited

6. Investments

Received and noted the Statement of Investment Responsibility as approved by the Council.

7. Performance Indicators - Received and noted.


9. Sealings - Received and noted.