At a Meeting of the Finance Committee held this day,

Present: The Vice-Chancellor, Professor Grant, Dr Anderson, Professor Chase, Professor Daunton, Dr Good, Professor Grant, Mr Larkum, Dr Nicholls, Dr Reid, Mr Thompson, Dr Turner, the Treasurer (Secretary), the Administrative Secretary, the Director of Finance and the Director of Estate Management.

Apologies for absence were received from Mr Brown, the Registrary and the Academic Secretary. Ms Lowther was on leave of absence.

1,382 MINUTES

The Minutes of the meeting held on 12 February 2003 were approved.

1,383 REPORT ON ACTIONS

The Treasurer reported on action taken following decisions at the last meeting.

REPORTED AND STRAIGHTFORWARD BUSINESS

FINANCE COMMITTEE

1,384 Sealings. The Committee received Note FC(03)41 with Paper FC(03)50 a list of sealings authorised by the Treasurer under delegated authority since the previous meeting.

1,385 Committees. The Committee received Note FC(03)35 with Paper FC(03)43 a copy of the regulation for the Unified Administrative Service (Staff of the University Offices) and noted that Mr Thompson had indicated that he wished to stand down as a member of the Standing Appointments Committee for the University Offices at the end of the current Academical Year.

1,386 (a) List of Sub-Committees. The Committee received Note FC(03)36 with Paper FC(03)44 an updated list of sub-committees of the Finance Committee as from January 2003.
(b) The Committee approved the following appointments:

(i) Mr R Salmon to the Investments Sub-Committee until December 2006;

(ii) Sir Keith Peters to the Buildings Sub-Committee as the representative for the School of Clinical Medicine until December 2006;

(iii) Mr R Collet-Fenson to the Financial System Management Committee as the representative for the School of Technology until December 2005; and to

(iv) recommend that the Council appoint Dr R S Wells (Senior Tutor of Clare Hall) to the Loan Fund I Committee until December 2004.

The Committee noted that the Sports Syndicate had yet to nominate a representative on the Buildings Sub-Committee. It was understood that they were likely to re-nominate Dr Fairbrother.

BUILDINGS

1,387 Minor Works Review Group. The Committee received Note FC(03)38 with Papers FC(03)46 and 47, the Unconfirmed Minutes of the meetings of the Minor Works Review Group held on 10 and 25 February 2003.

1,388 University Security Committee. The Committee received Private and Confidential Note FC(03)37 with Paper FC(03)45 the Unconfirmed Minutes of a meeting of the University Security Committee held on 13 February 2003. The Committee agreed to take note of the information provided.

PENSIONS

1,389 Cambridge University Assistants’ Contributory Pension Scheme. The Committee received Note FC(03)40 with Paper FC(03)49 the Annual Report and Accounts of the Contributory Pension Scheme for the year ended 31 July 2002. The Committee agreed to take note of the information provided.

1,390 (a) Admission of the Cambridge Union Society to the Cambridge University Assistants’ Contributory Pension Scheme. The Committee received Private and Confidential Note FC(03)42 and noted that the Cambridge Union Society had asked to be admitted to the CPS in respect of the Assistant Librarian at the Society. The Committee recalled that the decision as to whether or not an associated employer should be admitted to the Scheme was one for the University, acting via the Finance Committee, but that the terms of any such admission were determined by the CPS Managing Committee acting on the
advice of the Scheme actuary. If the University did agree to admit the Society then this would still be subject to the approval of the Pensions, Savings and Share Schemes Office of the Inland Revenue which would need to agree that the Society could be treated as an ‘associated employer’ of the University.

(b) The Society was a registered educational charity which aimed to arrange termly programmes of debates and speaker meetings to enable students of the University to debate important topical issues with one another and with guest speakers from outside the University who were experts and/or prominent in the relevant field.

(c) The Assistant Librarian’s office was graded at CS4. The holder worked 73% of full time and was until September 2002 employed as a full time CS3 in the Institute of Astronomy and was a member of the CPS in respect of that appointment.

(d) The actuary had advised that there would be no significant effect on the financial position of the Scheme if the Cambridge Union Society were admitted to the CPS with both the employer and employee contributing to the Scheme at a rate of 1% of salary. The CPS Managing Committee had agreed at its meeting on 7 February 2003 that, subject to the agreement of the University and the Inland Revenue, the Cambridge Union Society should be allowed to participate in the CPS with both employee and employer contributions being paid at 1% of salary.

(e) The Committee agreed that, subject to the approval of the Pensions, Savings and Share Schemes Office of the Inland Revenue, the Cambridge Union Society should be able to participate in the Cambridge University Assistants’ Contributory Pension Scheme.

MATTERS FOR DISCUSSION AND DECISION

ACCOUNTS

1,391 (a) Quarterly Management Accounts. The Committee received Private and Confidential Note FC(03)47 with Paper FC(03)61 the Management Accounts for Quarter 2, 2002-03. The Director of Finance introduced the half-year accounts, and drew attention to the new information which was provided. In the course of discussion the Committee noted:

(i) staff expenditure seemed to be running ahead of budget predictions; this was a cause for concern, both as to the level of expenditure and as to the failure to keep within the budgetary provision, especially if the principal cause was the commitment to promotions and discretionary payments; action should be taken to clarify the facts underlying the half-year figures, and consideration given to controlling this expenditure;
(ii) the Finance Working Party chaired by Professor Grant was recommending that the current freeze on the filling of academic vacancies should be ended, provided Councils of Schools and comparable groups produced staffing plans for implementation from 2003-04 onwards; it was important that good guidance was given to these bodies so that the staffing plans were realistic, given the level of financial resources likely to be available to support staffing expenditure, and took account of cost as well as numbers of staff;

(iii) expenditure on equipment seemed to be running well behind that estimated, but this might well be because expenditure arose irregularly in relation to big items; nevertheless the position should be monitored;

(iv) it was of concern that the different budgetary bases set out (comparison with the previous year; and comparison with financial forecasts made to HEFCE) produced different results; it was particularly of concern that the information provided to HEFCE appeared to be relatively inaccurate.

(b) The Committee agreed that the Council and the General Board should be advised to set limits for expenditure on promotions and other discretionary staff payments; and that the other points mentioned above should be referred to the PRC for consideration in connection with the preparation of the forthcoming Allocations Report and University budget.

1,392 (a) Remarks on Discussion on Financial Statements (Abstract of Accounts) for the year ended 31 July 2002. The Committee received Private and Confidential Note FC(03)45 with Paper FC(03)56 the Remarks made at the Discussion on Tuesday 28 January 2003 on the Financial Statements (Abstract of Accounts) for the year ended 31 July 2002.

(b) The Committee agreed to make no particular comment to the University Council.

1,393 (a) College Accounts. The Committee received Private and Confidential Note FC(03)43 with the following Papers:-

Paper FC(03)51 Letter from Mr Larkum (Chair of the College Accounts Working Party) to the Heads of House, 9 January 2003.

Paper FC(03)52 Letter from Mr Thompson (Chair of the Bursars’ Committee) to Heads of House, 17 January 2003.
Paper FC(03)53  Letter from the Chair of the Colleges’ Committee to the Treasurer, 17 February 2003, enclosing copies of a set of pro forma college accounts, known as the Recommended Cambridge College Accounts (RCCA), a draft amendment to Statute G, III, and a proposed new transitional Statute T, 54.

Paper FC(03)54  Minute 2403 of a meeting of the Bursars’ Committee held on 20 February 2003.

(b) Mr Larkum, speaking as Chairman of the Bursar’s Committee Working Party, introduced the proposals; they set out a new agreed RCCA, which corresponded closely to the Further and Higher Education SORP, but with greater disclosure in the income and expenditure account and other minor differences; two Colleges had not yet agreed to adopt the new scheme; this was why the proposed amendments of Statute provided for a College not to participate in the new format.

(c) The Finance Committee congratulated Mr. Larkum and his colleagues on the Working Party on having brought this matter to the present state over a very long and tortuous process. It warmly welcomed the proposed new format of College accounts, and agreed in discussion to submit them to the University Council in the form of a draft Report to the University, along the lines set out in the papers submitted.

(d) The Committee agreed to invite the Vice-Chancellor and Professor Grant to consult the Head of one of the Colleges concerned about the possibility that it might choose not to be included in the first round of preparation of accounts in the new format, and about the adverse publicity which was likely to be generated in that context.

BUILDINGS

1,394  (a) Buildings Sub-Committee. The Committee received Private and Confidential Note FC(03)34 with the following Papers:-

Paper FC(03)39  Unconfirmed Minutes of a meeting of the Buildings Sub-Committee held on 22 January 2003.

Paper FC(03)40  Department of Plant Sciences: New Plant Growth Facilities and Herbarium Building

Paper FC(03)41  University of Cambridge/Hutchison/CR-UK: Cancer Research Facility, Addenbrooke’s Hospital.

Paper FC(03)42  Department of Chemistry: Refurbishment of Lecture Theatre No 1 (Paper FC(03)42)

Treasurer
Draftsman

Vice-Chancellor
and Pro-Vice-Chancellor
Dr. Nicholls introduced the papers. The Director of Estate Management reported.

(b) **Department of Plant Sciences: New Plant Growth Facilities and Herbarium Building (BSC Minute 03.03 and Paper FC(03)40)**

The Committee noted that a concept paper had been taken to the Planning and Resources Committee on 20 February and that it had been agreed that the project be taken forward to RIBA Stage C at an estimated cost of £170,000 including VAT, to be funded by the Department and that a warrant should be raised for this amount.

(c) **University of Cambridge/Hutchison/CR-UK: Cancer Research Facility, Addenbrooke’s Hospital (BSC Minute 03.05 and Paper FC(03)41)**

The Committee noted that problems had arisen in relation to the VAT treatment of the Research Building and it was not yet therefore appropriate to approve the increase of warrant to the full project budget of £41.8m. If necessary, an interim warrant should be agreed to cover costs currently being incurred.

The Director of EMBS indicated that the amount required at this stage was a further £1.6m plus VAT (if applicable). The Treasurer indicated that funding was available.

(d) **Department of Chemistry: Refurbishment of Lecture Theatre No 1 (BSC Minute 03.06 and Paper FC(03)42)**

The Committee agreed that the project should proceed with a budget of £1.41m.

(e) The Director of EMBS noted that an Adjudication on a claim with the Contractor on the CRC-Wellcome project at Tennis Court Road had been in the University's favour. He also noted that considerable pressure was being put on the University by the Environment Agency regarding mercury pollution effluent; remedial measures expected in the next year would be very expensive. Further reports on both of these issues would follow.

1,395 (a) **Fenner's. The Committee received Private and Confidential Note FC(03)46 with the following Papers:**

- **Paper FC(03)57**
  - Minute 1,292 of the meeting of the Finance Committee held on 10 July 2003.

- **Papers FC(03)58 and 59**
  - Papers considered by the Buildings Sub-Committee at its meeting held on 5 March 2003.

- **Paper FC(03)60 (Revised)**
With reference to Minute 1,292 the Committee recalled that at its meeting held on 10 July 2002 it had discussed at some length proposals for the sale of part of the cricket ground at Fenner's to Hughes Hall. The freehold was owned by Cambridge University Cricket and Athletic Club Ltd (“CUCAC”) and the University held a long lease of the land for use as a cricket ground with restrictive covenants imposed by the previous owner, Gonville and Caius College. Dr Turner and the Vice-Chancellor, as Directors of Cambridge University Cricket and Athletics Club Ltd, declared interests. Dr Turner emphasised the importance of ensuring the correct treatment of the transaction in the books of the company, which had no significant resources other than its long-term freehold interest in the Fenner's site. The University was the actual tenant of the site.

The Committee noted that the financial arrangements were complicated, involving transfers from Hughes Hall on the instructions of CUCAC and the University into an escrow account for use by the University in construction of the new Cricket School.

In view of the importance of this project to Hughes Hall it had been revived and had been considered by the Buildings Sub-Committee at its meeting held on 5 March 2003. At that meeting the Vice-Chancellor had confirmed that funding for the project (which had been reduced in size and cost) was now available.

The Committee noted that a Report would need to be published by the Council without delay and therefore agreed to approve the draft Report, as set out in Paper FC(03)60 (Revised) and amended, for onward transmission to the Council, subject to PRC approval of financial details in due course.

With reference to Minute 1,203(b)(vii) the Committee received Private and Confidential Note FC(03)48 with Paper FC(03)62 a draft Report of the Council on the construction of a new building for the Department of Land Economy on the Sidgwick Site.

The Committee, after noting that the Council had approved a contribution of £1m from the New Buildings Enabling Fund but that no external money had yet been raised, agreed that an endowment for running costs should be sought, gave their agreement in principle for the project, and approved the draft Report for onward submission to the Council for consideration in May 2003. A second Report would be published in due course when fund-raising had been completed.

The Committee received Private and Confidential Note FC(03)44 with Paper FC(03)55 the Annual Report on Purchasing for the financial year 2001-02.
UNIVERSITY FINANCIAL SYSTEM

Financial System Management Committee. The Committee received Private and Confidential Note FC(03)39 with Paper FC(03)48 the Unconfirmed Minutes of the meeting of the Financial System Management Committee held on 10 February 2003. Dr Anderson, a member of the Committee, reported on progress and indicated in particular that good progress was being made on the implementation of the research grants module, and that consideration was being given to new arrangements for internal access to ledgers, to permit better, and in particular more rapid, use of the next generation of Oracle material.

Vice-Chancellor
30 April 2003