At a Meeting of the Finance Committee held this day,

Present: The Vice-Chancellor, Mr Brown, Professor Daunton, Mr Larkum, Ms Lowther, Professor Minson (Pro-Vice-Chancellor and Acting Treasurer), Dr Reid, and Mr Thompson, with the Director of Finance, the Administrative Secretary, the Director of Estate Management, the Registrary and the University Draftsman;

Apologies for absence were received from Professor Anderson, Professor Chase and Dr. Nicholls.

1,594 MINUTES

The Minutes of the meeting held on 14 April 2004 were approved, after Minute 1,592(e)(iii) had been amended to read “that where possible quantified assumptions were made to show how the deficit could be decreased”.

1,595 REPORT ON ACTIONS

The Director of Finance reported on action taken following decisions at the last meeting. With reference to Minute 1,582(c) concerning College contributions and College accounts, the Director of Finance reported that the accounts of King’s College for 2002-03 had now been received.

REPORTED AND STRAIGHTFORWARD BUSINESS

BUILDINGS

1,596 Minor Works Review Group. The Committee received Note FC(04)55 with Paper FC(04)57 the Unconfirmed Minutes of the meeting of the Minor Works Review Group held on 20 April 2004.

COLLEGE CONTRIBUTIONS

1,597 (a) Annual Report of the Council. The Committee received Note FC(04)53 with the following Papers:-

Paper FC(04)55 A letter from the Senior Bursar of Trinity College announcing a further voluntary contribution of £500,000 to the Colleges Fund.

(b) The Committee agreed to commend the draft Report to the Council for publication. The Committee recorded the gratitude of the University to Trinity College for the further voluntary contribution to the Fund reported in Paper FC(04)55. The Director of Finance reported that the gratitude of the Committee of Management of the Colleges Fund had already been reported to the College.

ACCOUNTS

Annual Statement of Accounts: The Fitzwilliam Museum. The Committee received Note FC(04)58 with Paper FC(04)61 a summary statement of Accounts of the Fitzwilliam Museum for the year to 31 July 2003, presented under Regulation 4(d) for the Syndicate. The Committee noted that the statement received was in an out of date form and did not cover adequately all areas of income or expenditure attributable to the Museum.

UNIVERSITY REPORTER

Proposed Price Increase. With reference to Minute 138 the Committee received Note FC(04)62 and recalled that under procedures introduced in 1995 it made recommendations to the Council for the selling price of the Reporter. Since 1984 it had been customary to increase the price of the Reporter each year to take account of rising costs. It was anticipated that the general costs of production and distribution would rise by approximately the rate of R.P.I. in 2004-2005. The Committee agreed to recommend the proposed rates for 2004-2005, as shown in the final column of the table below, representing changes ranging from 1.1% to 3.7%.

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1,600 PENSIONS

Loan Fund I & Davies-Jones Memorial Fund Committee. The Committee received Note FC(04)56 with Paper FC(04)58 the Unconfirmed Minutes of a meeting of the Loan Fund I & Davies-Jones Memorial Fund Committee held on 22 April 2004.

1,601 Supplementation of Pensions. The Committee received Note FC(04)57 with the following Papers:-

Paper FC(04)59 A letter dated 1 April 2004 from Universities UK notifying a further increase in pensions in payment with effect from 12 April 2004.

Paper FC904)60 a Draft Notice by the Council on Supplements to Pensions (F.S.S.U.).

The Committee agreed to take note of the information provided and to recommend to the Council that a Notice, as set out in Paper FC(04)60, should be published.

1,602 Cambridge University Assistants’ Contributory Pension Scheme. Schedule of Contributions. The Committee received Private and Confidential Note FC(04)60 with Paper FC(04)63 the certificate required under Section 58 of the Pensions Act 1995, to be signed on behalf of the University in its role as employer. The Committee, noting that the certificate had been signed on behalf of the CPS Managing Committee and that the contributions were as agreed at its meeting on 11 February 2004, authorised the certificate to be signed by the Director of Finance on behalf of the University.

MATTERS FOR DISCUSSION AND DECISION

ACCOUNTS

1,603 Consolidation. The Committee received Private and Confidential Note FC(04)61, with Paper FC(04)64 final letters from the external auditors Deloitte & Touche about:-

(i) inclusion of the University Press in the University accounts; and

(ii) consolidation of the Commonwealth, Overseas, European and Gates Trusts in the University’s consolidated accounts.

After the Registrary had introduced the papers the Committee agreed to refer them to the University Council in support of the recommendation that the consolidation of the accounts of the Trusts could proceed for 2003-04 and inclusion of the Press with effect for 2004-05. The Committee noted that an amendment of the University Statute in relation to the Press would be needed in due course.
BUILDINGS

1,604  
The East Forum. Professor Leslie, Pro-Vice-Chancellor, attended for this item. The Committee received Note FC(04)63 with Paper FC(04)65 the Second Report of the Council on a proposal for a new building at West Cambridge (the East Forum). The Committee noted that the proposal was now for the East Forum to be undertaken by a developer, with whom the University would enter a long-term lease arrangement for the land, and would lease back the elements for University use. Negotiations would take place over the coming months. The Committee recommended that the uses which the developer could permit, although restricted by planning permission, should also be specified in the lease, so that the University maintained an appropriate degree of control over the research and comparable activities which might take place on this site. The Committee noted that various aspects of the proposal required further work, and that account must also be taken of the outcome of the current review of RSD and CLO. The Committee agreed to receive a revised version of the paper for further consideration at a later meeting.

FINANCE COMMITTEE

1,605  
Report of the Council on certain administrative offices. The Committee received Note FC(04)54 with Paper FC(04)56 the current draft of the Report on the offices of Secretary General and the Treasurer, revised after the meeting of the Council on 26 April. The Registrary reported that various minor drafting amendments were still to be made, and pointed out that it was planned that a future report making legislative proposals on this matter, and on the functions of the Committee, the PRC and the new Buildings Committee would be put forward, probably in the Michaelmas Term, subject to the publication and Discussion of the Report.

INVESTMENTS

1,606  
Investments Sub-Committee. The Committee received Private and Confidential Note FC(04)49 with Paper FC(04)50 the Unconfirmed Minutes of a meeting of the Investments Sub-Committee held on 25 March 2004.

1,607  
Investments Sub-Committee Terms of Reference. The Committee received Private and Confidential Note FC(04)48 with Paper FC(04)49 draft Terms of Reference for the Investments Sub-Committee. The draft terms of reference were approved.

PENSIONS

1,608  
Cambridge University Assistants’ Contributory Pension Scheme. With reference to Minute 1,578 the Committee received Private and Confidential Note FC(04)59 with Paper FC(04)62 correspondence with Mills & Reeve about the role of the Managing Committee of Contributory Pension Scheme (CPS) and its relationship with the Finance Committee in the management of the Scheme. The
Committee noted that it was likely the action to be taken would be greater than that suggested by Mills and Reeve, and agreed to suggest that policy should be settled about future arrangements for retirement provision (in particular as to use of USS) before detailed amendments were made to the Rules of the CPS, and especially to Rule 43. The Committee endorsed in principle the proposal for the University to cease to be trustee, and to establish a corporate trustee. The Committee also noted that it was proposed that broad responsibility for pension matters should be assumed by the Council, with the advice of the Finance Committee, rather than being discharged directly by the Finance Committee.

TRAVELLING AND SUBSISTENCE ALLOWANCES

1,609 Mileage and Subsistence. The Committee received Note FC(04)50 which contained proposals for revised rates of subsistence allowances to take effect from 1 August 2004. The Committee noted that no increase was suggested in mileage rates. In view of the financial position of the University the Committee agreed not to increase subsistence rates.

1,610 Interest Free Travel to Work Loans. Professor Cliff, Pro-Vice-Chancellor, attended for this item. With reference to Minute 1,527 the Committee received Note FC(04)41 with Paper FC(04)37(Revised) which outlined the introduction of the Travel to Work Loan Scheme. The interest foregone on the loans to be provided was financed from funding made available from HEFCE under the human resources strategy, at the rate of about £20,000 per annum. The Committee expressed surprise that so small a sum was considered appropriate for accountability to and checking by HEFCE. After discussion the Committee agreed, for their part, not to object to the introduction of the scheme, which was commended by the Personnel Committee.

STAFF

1,611 (a) Salary Sacrifice Scheme – Childcare Provision. Professor Cliff, Pro-Vice-Chancellor, attended for this item. The Committee received Note FC(04)44 with Paper FC(04)40 which concerned the introduction of a salary sacrifice scheme in respect of childcare. The Committee noted that the scheme principally benefited staff with children in University childcare places. Support was expressed for the concept of a voucher scheme for staff unable to secure a place in the University nursery, when the University’s financial position allows.

(b) A member noted that savings to the University may be illusory in that in the long term the cost of addressing pension liabilities falls ultimately on the University. The Committee noted the position of members of the Contributory Pension Scheme but did not, at this stage, propose that the CPS rules be changed such that notional salary be taken into account when calculating the value of pension benefits.
The Committee agreed, for its part, not to object to the introduction of the salary sacrifice scheme for childcare provision, which was commended by the Personnel Committee.

UNIVERSITY FINANCE


(b) Professor Minson introduced the revised Report, summarising the significant changes which had been made, in order to arrive at a reduced estimate of Chest deficit for 2004-05 and later years. This included reductions in the allocations for minor works and equipment for 2004-05, and continuing assumptions about overhead income improvement in respect of Research Council grants, and changes in the treatment of recurrent funding for promotions (without changing the policy basis for promotions, as a new steady state approached). Otherwise the text of the Report was cautious about making assumptions about favourable financial changes, although it was noted that the additional undergraduate home and EU fee income, if eventually implemented, would meet the predicted deficit for the later years of the planning period.

(c) Various minor drafting amendments were proposed; it was agreed that references should be made to “the College fee transfer” rather than the “College transfer”, and that donations from UCLES should be referred to only in paragraph 4.

(d) The Committee agreed to suggest that table 2, Capital Projects, should be significantly represented in particular by excluding uncertain projects, and more clearly indicating the status of projects which were in the course of implementation or at an advanced stage.

(e) The Allocations Report remained principally in the format of a Report about the Chest, an important, but limited element of the University’s overall financial picture. The Director of Finance indicated that he hoped that the budget report next year would be on a broader basis, including, of course, the necessary analytical material about Chest income and expenditure, but substantial other information also. The Committee emphasised the importance of adopting this overall approach and agreed to consider at a later meeting a format for such a comprehensive budget report.

(f) The Committee agreed to commend the draft Allocations Report, with the suggested amendments, to the Council for early publication.
UNIVERSITY FINANCIAL SYSTEMS

1,613  

_CUFS Upgrade._ The Director of Finance reported on the project to upgrade the Oracle financial system. Certain problems had been identified, but technical work should be completed by July 2004, and at this stage the system was planned to go live in December 2004. If, however, there were unexpected problems the system would not go live until they were resolved.

_Vice-Chancellor_  
16 June 2004