

FINANCE COMMITTEE

MINUTES (UNRESERVED)

2.00pm on Monday, 31 January 2022

Elton and Bowring Room

Present (Reserved Finance): Ms Loretta Minghella (Chair); Professor Phil Allmendinger; Mr David Ball (Bursar); Professor Jonathan Goodman; Professor Neil Greenham; Professor Heike Laman; Professor Jacqueline Tasioulas (Senior Tutor); and Professor Hendrik van Veen.

Present (Unreserved Finance): Mr Abdu Rawat (UCS representative).

In Attendance: Miss Emma Easterbrook (Secretary); and Mrs Rebecca Willatt (Deputy Financial Bursar).

1. **Apologies**

Professor David Chambers; and Dr Julia Wolf.

2. **Declarations of Interest**

None.

3. **UNRESERVED MATTERS**

(i) **Minutes of 22 November 2021**

Approved.

(ii) **Matters Arising**

- a. **Item 3(i), Financial Statements for the year ended 30 June 2021:** These had been 'signed off' by the Master and the Bursar. The Auditors' draft Letter of Representations had been 'signed' by the Bursar.
- b. **Item 3(ii), Financial Statements for Clare College Ltd for the year ended 30 June 2021:** The Financial Statements for Clare College Limited for the year ended 30 June 2021 had been approved at the annual meeting on 10 December 2021.
- c. **Item 3(iii), Financial Statements for Clare College Conferences Ltd for the year ended 30 June 2021:** The Financial Statements for Clare College Conferences Limited for the year ended 30 June 2021 had been approved at the annual meeting on 29 November 2021.
- d. **Item 3(iii), Management Accounts (Q1): Medium-term cash flow forecast:** The Bursar circulated two papers including the five year financial forecast for operational cash flow excluding all donations to the permanent endowment.

The underlying assumptions will be refined further before the budget process, but include:

- Recovery of the conferencing and other external business.
- Continuing cost inflation.
- Flat (1%) average investment returns ie negative in real terms – there is also likely to be substantial fluctuation in markets, but the investment distribution will be smoothed through the spending rule.
- Significant donation income from Old Court campaign (with the quiet phase of 2026 campaign assumed to focus largely on permanent endowment). This projected donation income is of course not yet secured as pledges.

The Bursar noted that some of these assumptions for example conferencing and volatility in the endowment were uncertain. The resulting projection shows substantial cash outflows over the next few years, but with sufficient resources remaining available to fund the planned capital projects. The College was now in a position to repay the COVID-19 loan. There continued to be a gap between the cost of academic support for students and fees, which was covered by conferencing income, alumni donations, and endowment drawdown. There will be further work undertaken on spending income from restricted funds.

Regarding Old Court it was recommended that momentum should be maintained and that Phase 2 should commence shortly after the completion of Phase 1b. The decision on whether to do so would need to be taken this May in order to go out to tender.

(iii) **Student rents**

The Bursar circulated a paper to Finance Committee. It was proposed to fix next year's student rents before the undergraduate rooms ballot in February.

The Finance Committee was aware that inflation had accelerated sharply. The most recent data available for the UK showed that the Consumer Prices Index (CPI) rose by 5.4% in the 12 months to December 2021, up from 5.1% in November. (The RPI index rose by 7.5%.) Energy prices were continuing to rise.

A large part of the College's cost base relates to staff. The Finance Committee will as usual be considering a general salary cost of living increase to take effect from 1 July (in addition to certain proposed increases to take effect now in response to labour market pressures). Average total pay growth for the private sector nationally (the most relevant comparator available for the College in relation to other local employers) was

5.4% between August and October 2021. It is possible that overall pay increases in the College over the next six months may be in this range.

Having regard to the desirability of ‘smoothing’ increases in costs for students the recommendation was for a rent increase for 2022-23 of 4% over current levels. Rents remained competitive with other Cambridge colleges, and other universities nationally. It was noted that the College was in a position to provide financial support to those students in need via the Financial Tutor.

The Finance Committee formally approved the rent increase of 4% from 1 October 2022. This will be communicated to students.

(iv) **Privately funded undergraduate fees 2023-24**

The Bursar circulated a paper to the Finance Committee. The University had requested all Cambridge colleges to indicate now for the University Prospectus the College’s Fee for privately funded and International students matriculating in 2023-24 (to apply for all years of their courses).

The Finance Committee formally approved of increasing the privately funded undergraduate fees 2023-24 to £10,500 for students matriculating in 2023-24. It was noted that in due course Council and Governing Body would review the College’s international strategy.

(v) **Use of Computer Facilities Policy**

The Use of Computer Facilities Policy was circulated to the Finance Committee. Finance Committee formally approved of the Use of Computer Facilities Policy. It will be added to the Staff Handbook and it will be communicated to all staff.

(vi) **Minutes of other Committees**

- a. ***Investment Committee (DRAFT): 29 November 2021: including investment fund changes in December:*** The Bursar noted that this was an early draft and a revised draft will be sent to the Investment Committee in due course. The plan to invest 80% of the College’s public equity money into Amundi Global and 20% into regional funds by December 2021 had been completed. This meant that the College was several years ahead of the University’s target with regard to divesting from fossil fuels including indirect holdings. The challenge would be to find further sustainable investments. The Investment Committee membership will be kept under review and will ensure that there is a range of expertise.

(vii) **Any Other Business**

- a. ***Campaign for the Living Wage:*** This will be discussed at a future meeting of the Finance Committee.

4. **RESERVED MATTERS**

5. **Date of Next Meeting:**

2.00pm on Monday, 7 March 2022

Elton and Bowring Room

Distribution (Reserved Finance): Ms Loretta Minghella (Chair); Professor Phil Allmendinger; Mr David Ball (Bursar); Professor David Chambers; Professor Jonathan Goodman; Professor Neil Greenham; Professor Heike Laman; Professor Jacqueline Tasioulas (Senior Tutor); Professor Hendrik van Veen; Dr Julia Wolf; and the Governing Body.

Distribution (Unreserved Finance): Mr Abdu Rawat (UCS representative); and Mr Patrick Taylor (MCR representative).

In Attendance: Miss Emma Easterbrook (Secretary); and Mrs Rebecca Willatt (Deputy Financial Bursar).

For information: Ms Samantha Mason (MCR President); and Ms Lily Rafalin (UCS President).

Emma Easterbrook

1 February 2022