

FINANCE COMMITTEE

MINUTES (UNRESERVED)

2.00pm on Monday, 9 May 2022

Glover Room

Present (Reserved): Ms Loretta Minghella (Chair); Mr David Ball (Bursar); Professor David Chambers; Professor Jonathan Goodman; Professor Neil Greenham; Professor Heike Laman; Professor Jacqueline Tasioulas (Senior Tutor); and Dr Julia Wolf.

Present (Unreserved Finance): Ms Sara Sharif (UCS representative); and Mr Vithusan Kuganathan (UCS President).

1. **Apologies**

Professor Phil Allmendinger; and Professor Hendrik van Veen.

2. **Declarations of Interest**

None.

3. **UNRESERVED MATTERS**

(i) **Minutes of 7 March 2022**

Approved.

(ii) **Matters Arising**

- a. **Item 3(iii), Living Wage Accreditation:** At the meeting of the Finance Committee on 7 March 2022 the Bursar agreed to investigate the cost of implementing the Living Wage for casuals and student workers including any indirect costs. The Finance Committee reviewed whether or not to apply for accreditation following that investigation. The Finance Committee agreed that the College was committed to paying the real living wage to its staff. However, the Finance Committee agreed not to apply for accreditation from the Living Wage Foundation at this stage given that in practice it was already committed to paying the real living wage independently of that institution and due to the current volatility of the financial market. The Finance Committee will keep the work of the Living Wage Foundation and any Government guidance on the cost of living under review.
- b. **Item 3(v), Capital Expenditure Budget 2022-23: Cricket nets:** Three quotes were circulated to the Finance Committee for the purchase of cricket nets at the College's Sportsground. The lowest quote of £49,504.12 for three nets was approved, which will be covered by a restricted fund.

(iii) **Welcome to UCS representative**

The Finance Committee formally welcomed the new UCS representative, Sara Sharif, and thanked the outgoing UCS representative, Abdu Rawat, for their hard work.

(iv) **Management Accounts for Q3**

The Deputy Financial Bursar circulated the Management Accounts for the year to 31 March 2022. The Management Accounts have been prepared on a consistent basis with the statutory RCCA Financial Statements for the year to 31 March 2022 and summarise the Income and Expenditure across college departments.

The Management Accounts show that the College reported an increase in income of £266,918 (3.01%) in the year to 31 March 2022 when compared to the budget for the same period. This was attributable to a strong Endowment performance in 2020-21 returning a higher drawdown than expected of £120,981 in the year to 31 March 2022. Other variances are due to timing differences and are not expected to be material by the end of the financial year. Expenditure for the year to 31 March 2022 was £696,033 (6.57%) lower when compared to the budget for the same period. This was mostly attributable to the Housekeeping and Catering departments where there have been several staff vacancies throughout the year. Despite food inflation, food costs are below budget by £406,760 because the College has hosted minimal conference activity in the year to 31 March 2022. Academic, Fellowship and Stewardship expenditure is also below budget by £187,771 due to COVID-19 continuing to impact activity.

The deficit of £2,126,577 in the 9 months to 31 March 2022 was £681,485 (47.16%) higher than compared to the same 9 months to 31 March 2021. The College was still facing considerable COVID-19 measures in the 9 months to 31 March 2021 impacting almost every comparative figure either for activity or timing reasons. The key differences are however visible in the 12 month Forecast to 30 June 2022 contained within the draft budget for the year ended 30 June 2023.

The College is forecasting an overall deficit of £1,824,093 in the 12 months to 30 June 2022. This is £1,378,105 (43.04%) lower than the budget for the year ended 30 June 2022 which showed a £3,202,198 deficit for the following reasons:

Income (forecast increase of £221,971)

- The per Capita Graduate College Fee increased by 9.97% and there were higher admissions from overseas students than expected despite Brexit causing increases in fees for EU students (£149,030); and
- The Endowment performance in 2020-21 returned a higher drawdown which is expected to be £135,231 for the year.

Expenditure (forecast decrease of £1,156,134)

- Reduction in Academic spend and Tuition as a result of reduced activity from COVID-19 (£201,663);
- Staff shortages in Housekeeping during the year and utility tariffs catching up with current prices (£287,729);
- Staff shortages in Catering during the year and direct costs (food costs in particular) being curtailed from reduced Conferencing activities (£322,150); and
- Administrative reductions due to COVID-19 causing delays in Stewardship and Fellowship activities such as overseas travel and College events (£331,165).

The overall financial position for the 9 months to 31 March 2022 is a £2,126,577 deficit. The 12 month Forecast to 30 June 2022 is a £1,824,093 deficit. The Finance Committee approved the Management Accounts for the year to 31 March 2022.

(v) DRAFT Forecast and Budget

The Deputy Financial Bursar circulated the DRAFT Forecast and Budget to the Finance Committee. The final Forecast and Budget will be presented to the Finance Committee at its next meeting on 20 June 2022. Academic fees are relatively stable as although there were fewer EU students as a result of BREXIT there was an increase of overseas students. Regarding graduate students the Budget is based on similar numbers to this year. Rental arrangements for student accommodation had mostly returned to normal and the budget is based on the same occupancy with the rent increase of 4% minus 17 rooms in Braeside, which are being renovated. There had been a significant change for catering income due to COVID-19 although it is anticipated that this will improve as the College returns to normal. It is also anticipated that conferencing and accommodation associated with that activity will return this summer. At present there is a shortfall of £882,000 before adjusting for inflation. There was a shortfall of £607,000 for the same period last year without adjusting for inflation.

The forecast is for a modest rise in unrestricted drawdown although the College is now utilising Statute 42. The academic support cost line was introduced in order to show the all of the costs against unrestricted income but this has to be off-set elsewhere.

Regarding the endowment the drawdown last year was £1.6m (3%), which was the same for the previous year. There had been a number of unexpected unrestricted legacies but it was not anticipated that there will be any this year. Otherwise, income remains similar to the previous year apart from furlough income, which is no longer available.

Expenditure for tuition is gradually increasing as is the cost of the USS, salaries, and food cost inflation is at 12% at present. Expenditure for student accommodation has

increased as a result of depreciation, the Old Court project and the addition of St Regis. Staffing for Housekeeping is under review. There had also been a significant increase in the cost of insurance which had increased by 25% both last year and this year.

The Finance Committee will review the Budget at its next meeting on 20 June.

(vi) **Clare College Limited and Clare College Conferences Limited**

The Finance Committee noted that the Deputy Financial Bursar was to be appointed as a Director.

(vii) **Bribery and Corruption Annual Report**

The Finance Committee noted that Heads of Department and Administrators; and those involved at any level in procurement; or in seeking donations or research funding; or those involved in international activities have undertaken the annual training. There have been no incidents reported.

(viii) **Minutes of other Committees**

- a. **OCIG: 21 March 2022 (DRAFT); and 21 February 2022:** The OCIG will be meeting again this week. The Bursar reported that a variety of factors were affecting the contingency funding including the actual costs of removing the temporary bridge which had doubled to approximately £250,000. It had not been possible to fix that cost in advance. There continued to be negotiations with the contractor as a result of the delay from the thrust boring. It was anticipated that the College will settle with the contractor for 50% of what they are claiming ie £100,000. This was in order to provide an incentive to complete other works including the Great Hall earlier than planned and to ensure that the relationship with them remains constructive. The roofing material had been delayed by 12 weeks but this had been reduced. There may be some impact on Easter conferencing if there are further delays.

(ix) **Finance Committee 2022-23 meetings are at 2.00pm on:**

Monday, 17 October 2022	Monday, 6 March 2023
Monday, 21 November 2022	Monday, 8 May 2023
Monday, 30 January 2023	Monday, 19 June 2023

All meetings will take place in the Elton and Bowring Room.

(x) **Any Other Business**

None.

4. **RESERVED MATTERS**

5. **Date of Next Meeting:**

2.00pm on Monday, 20 June 2022

Elton and Bowring Room

Distribution (Reserved Finance): Ms Loretta Minghella (Chair); 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): Ms Sara Sharif (UCS representative); and Mr Patrick Taylor (MCR representative).

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

For information: Mr Vithusan Kuganathan (UCS President); and Ms Samantha Mason (MCR President).

Emma Easterbrook

16 May 2022