

MEETING OF THE FINANCE COMMITTEE (JOINT WITH COUNCIL)

MINUTES (UNRESERVED)

2.00pm on Monday, 21 November 2022

Elton and Bowring Room

Present (Finance Reserved): Ms Loretta Minghella (Chair); Miss Lizzy Conder (Bursar); Professor David Chambers (by Owl); Professor Jonathan Goodman; Professor Neil Greenham; Professor Jacqueline Tasioulas (Senior Tutor); Professor Hendrik van Veen; Dr Toby Wilkinson; and Professor Julia Wolf.

Distribution (Finance Unreserved): Ms Amy Oh (UCS representative); and Mr Bjarne Bergh (MCR representative).

Distribution (Council Reserved) (up to and including Item 3(v)): Ms Loretta Minghella (Chair); Miss Elizabeth Conder; Professor Maciej Dunajski; Professor Jonathan Goodman; Professor Sarah Lockwood; Professor Fred Parker; and Professor Jacqueline Tasioulas (Senior Tutor).

In Attendance (Finance and Council): Miss Emma Easterbrook (Secretary).

1. **Apologies**

Ms Jasmin Bath (MCR President); Professor Jason Carroll; Dr Andrew Carter; Professor Heike Laman; Professor Sian Lazar; Professor Oliver Shorttle; the Rev'd Dr Mark Smith; and Mrs Rebecca Willatt (Deputy Financial Bursar).

2. **Declarations of Interest**

None.

3. **UNRESERVED MATTERS**

(i) **Minutes of 17 October 2022**

Approved.

(ii) **Matters Arising**

- a. *Item 3(ix), Scheme of Delegated Financial Authority for 2022-23:* The Deputy Financial Bursar circulated a paper on a scheme of delegated financial authority for signing contracts on behalf of the College. The Finance Committee approved of Heads of Departments signing contracts up to £2,000; the Assistant Bursar and Deputy Financial Bursar signing contracts up to £10,000; and the Master, Senior Tutor and Bursar signing contracts over £10,000.

(iii) **Financial Statements for the year ended 30 June 2022**

The Bursar circulated the Financial Statements for the year ended 30 June 2022 together with the draft Minutes of the Audit Committee's meeting of 9 November 2022, and the Annual Report from the Auditor and the Letter of Representations for 2021-22. The Audit Committee had carried out its review on 9 November 2022. The Bursar and Professor Chambers will present a teaching point on the 2048 swap arrangements to a future meeting of the Finance Committee. Council and Finance Committee formally thanked the Bursar and the Deputy Financial Bursar for their hard work.

Decisions: After discussion the Council and the Finance Committee formally approved the Financial Statements and agreed that they should be signed by the Master and the Bursar. The Council and the Finance Committee also formally approved of the Letter of Representations and agreed that it should be signed by the Bursar.

(iv) **Financial Statements for Clare College Ltd for the year ended 30 June 2022**

The draft Financial Statements for Clare College Limited for the year ended 30 June 2022 were circulated to Council and the Finance Committee for note only. The annual meeting would be held in the near future.

(v) **Financial Statements for Clare College Conferences Ltd for the year ended 30 June 2022**

The draft Financial Statements for Clare College Conferences Limited for the year ended 30 June 2022 were circulated to Council and the Finance Committee for note only. The annual meeting would be held in the near future.

[Council left: Professor Dunajski and Professor Lazar.]

(vi) **10 Year Forecast: including proposal to increase the management fee.**

The Bursar and the Deputy Financial Bursar circulated the 10-Year Forecast to the Finance Committee.

Throughout the forecast period the income from higher education activities combined with the unrestricted endowment drawdown are not sufficient to cover the costs of College life. Surpluses from external conferencing and catering are forecast to recover to pre-pandemic levels by 2024-25 but are not able to fully subsidise the shortfall. With no changes to current College funding streams or activities, then the College is forecast to make an unrestricted deficit in every year of the 10-Year forecast as inflationary increases in expenditure outstrips the ability of the College to increase prices.

Decisions: The Finance Committee approved the following recommendations:

- (i) Additional unrestricted income or expenditure savings: This will include the Bursary reviewing unused restricted trusts annual income, and Departments reviewing their costs.
- (ii) The College will return to using depreciation as a proxy for capital maintenance requirement and will target 5% positive net surplus after depreciation to enable scope for investment from 2025-26 at the earliest.

The Master, the Bursar and the Fellow for Development will work together to consider the most appropriate mechanism for calculating the management fee from the endowment based on practices within the charity sector and donor sentiment. A recommendation will be brought back to a future Finance Committee.

(vii) **10 Year Investment Performance**

The Deputy Financial Bursar circulated a paper on the 10-year investment performance to the Finance Committee. Over the last 10 years the investment portfolio has increased from £67.3 million in the financial year ending 30 June 2012 to £161.0 million in the financial year ending 30 June 2022 (139.2%). The College's investment portfolio has generally been achieving a total return exceeding CPI + 3% annually over the last 10 years. However, in the financial year ending 2021-22 CPI was 5.8% and the Total Return achieved was only 2.7%. Market conditions with public equity valuation reducing by 6.4% and completion of full divestment to the Amundi Global Low Carbon and SRI funds have been factors in the College not growing at a rate in excess of CPI in 2021-22.

(viii) **Conference Business Activity Plan 2023**

The Bursar and Conference and Events Manager, Mrs Sally Murray, circulated a paper to the Finance Committee. The College conference business has had a strong summer and achieved higher gross income than initially forecast. Total estimated revenue, including catering and accommodation, for the financial year ending June 2023, is in excess of £3 million. There remains considerable potential for growing the conference business and returning to pre-COVID-19 income levels. However, the traditional conference and events market is shrinking while the summer school market is thriving and demand from this sector is high. Consequently, this is an area where the College can develop its business further. Given the current financial forecast, we recommend that College endorse the strategy to grow summer school income so as to maximise external conferencing and catering income in summer 2023. The Bursar and her team will liaise with Fellows with rooms in Memorial Court to ensure minimal disruption to these Fellows intending to be in College during summer 2023.

Decision: The Finance Committee approved of maximising external conference and catering income in summer 2023 through growing the summer school business.

(ix) **Development Report**

The Fellow for Development circulated four papers to the Finance Committee including the reports for Q4 2021-22 and Q1 2022-23, goals for Q1 2022-23, and the Development Plan. The College still needs to raise £3.9 million towards the Old Court project out of a total of £25 million required. Finance Committee formally thanked the Fellow for Development for his hard work.

(x) **Business Continuity Plan**

The Assistant Bursar circulated the Business Continuity Plan for its annual review to the Finance Committee.

Decision: The Finance Committee approved of the Business Continuity Plan.

(xi) **Management Accounts (Q1)**

The Bursar circulated the Management Accounts for Q1 of 2022-23, which the Finance Committee noted.

(xii) **MCR and UCS Accounts**

The Financial Tutor circulated the Annual Accounts of the UCS and the MCR. He noted that the UCS Student Bar had improved its financial position since COVID-19. Regarding the MCR there had been some discussion about how to make best use of the sinking fund.

Decision: There will be more oversight of student clubs and societies by the Bursary. The UCS and MCR Treasurers will ensure there is a proper handover note for their successors.

[*Professor Parker left.*]

(xiii) **Risk Register**

The Deputy Financial Bursar presented the up-dated Risk Register 2022-23 with any further comments and/or suggestions welcomed.

Decision: The Finance Committee formally approved the Risk Register 2021-22.

(xiv) **Financial Procedures**

The Deputy Financial Bursar circulated a paper to the Finance Committee.

- a. **Tax Evasion Statement:** A Tax Evasion Statement has been written in accordance with the Criminal Finances Act 2017 (CFA2017) to outline the College's commitment to preventing the facilitation of tax evasion.
- b. **Updated Expenses and Benefits: Mileage and hotel rates::**
 - Mileage rate: To increase to 45p per mile for motor vehicles (from 25p); and to 24p per mile for motorcycles (from 20p); and

- Bed and breakfast rate: To increase to £100 per night (from £75); and to £135 per night in London (from £90).

Decision: The Finance Committee approved the Tax Evasion Statement, and the updated mileage and hotel rates in the expenses and benefits procedures.

(xv) **Minutes of other Committees:** for note only.

a. *Estates Committee: 2 November 2022 (DRAFT); and 18 May 2022*

b. *OCIG Minutes: 28 September 2022*

(xvi) **Any Other Business**

None.

4. **RESERVED MATTERS**

5. **Date of Next Meeting:**

All are at 2.00pm in the Elton and Bowring Room except when otherwise noted.

Monday, 30 January 2023

Monday, 22 May 2023

Monday, 6 March 2023

Monday, 19 June 2023

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

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

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Distribution (Council Unreserved): Ms Jasmin Bath (MCR President); and Mr Vithusan Kuganathan (UCS President).

In Attendance (Council): Miss Emma Easterbrook (Secretary); Ms Jasmin Bath (MCR President); and Mr Vithusan Kuganathan (UCS President).

Emma Easterbrook

14 December 2022