

**GOLDSMITHS**  
**University of London**

**COUNCIL**

**FINANCE AND RESOURCES COMMITTEE**

**5 March 2009**

**Present:** Mr Dick Melly (in the Chair), Dr David Barrett, Mr Barry Benjamin, Dr Philip Broadhead, Professor Geoffrey Crossick, Lord Harrowby, Mr Hugh Jones, Mrs Alyson McGarrigle, Professor Simon McVeigh, Professor Jane Powell, Ms Jess Tratt.

**In attendance:** Acting Academic Registrar, Quality and Governance Administrator (Secretary).

**Observer:** Chair of Human Resources Committee.

**Apologies:** Mr Mark Baillache.

**17 ANNOUNCEMENTS**

The Committee welcomed Barry Benjamin, the Interim Director of Finance, and Vivien Taibe, the Acting Academic Registrar, to their first meeting.

The Committee heard that the College would be interviewing candidates for the permanent Director of Finance position in late May, with a panel including the Chair of Finance and Resources Committee and a Director of Finance from another Institution.

**18 MINUTES**

**Resolved:**

that the Minutes of the meeting held on 6 November 2008 be approved.

**19 MATTERS ARISING**

Re *Minute 6*, Treasury Management Policy, it was noted that the Committee had suggested that the College consider the benefits of taking a higher degree of caution with regard to investments. It was explained that the Interim Director of Finance had consulted the Royal Lending Group and received advice that the College's current policy of investing with banks rated AA- and better was sufficient, particularly given that setting a higher minimum would restrict the field of possible banks, and that the current financial climate meant that past credit ratings were no great predictor of present and future performance. The Committee noted that perhaps the best way for the College to protect its investments at this time was to spread deposits as thinly as possible between UK-based banks.

Re *Minute 11*, it was noted that all planning permissions had been obtained for the Backfield Building; site set up and pre-construction work had begun on 23 February 2009 and work was estimated to finish in Summer 2010. Independent members of the Committee emphasised their great concern about the balance of spending between the new building and the backlog of maintenance work. In particular the Committee noted that the backlog maintenance was

currently unfunded, and considerably outstripped the apparent capacity of the College to support a capital programme.

With regard to the maintenance backlog, the College had commissioned a building condition survey which estimated that it would cost £26m over ten years to get all buildings on the estate to Category A, with £12m of that investment needed for urgent works over the next two years. The College had appointed consultant Master Planners to identify and plan the future development of the College's Estate.

It was noted in discussion that issues of non-compliance identified in the Building Condition Survey had been addressed on a risk-priority basis. In all cases of actual legislative breaches, compliance had been achieved, and the Estates Department were now considering how to deal with potential breaches of compliance.

In relation to the balance between development and maintenance spending, it was reiterated that the Backfield Building was a vital long-term investment in the College's sustainability. Expenditure would secure the future of one of the most successful academic departments in the College and mitigate the risk of diminishing student recruitment. Following the master planning exercise, a development schedule, including a financing programme, would be drawn up for consideration by Estates and Finance and Resources Committees, which would seek to address both the condition of existing buildings and the development potential of the campus as a whole.

## **20 ANNUAL REPORT FROM EXTERNAL RELATIONS AND DEVELOPMENT COMMITTEE**

Received:

a report from the Chair of External Relations and Development Committee (09-88).

## **21 REPORT FROM SPRING TERM OF HR COMMITTEE**

Received:

a report from the Chair of Human Resources Committee (09-89).

## **22 PROPOSED AMENDMENTS TO FINANCIAL REGULATIONS FROM 1 AUGUST 2009**

Received:

a paper from the Head of Secretariat (09-90).

**Recommended:**

**that the proposed changes in paper 09-90 be approved, with the following additional amendment to the section on retention of documents to read:**

*The Director of Finance will make appropriate arrangements for the retention of electronic records. Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations ~~such as regional development agencies,~~ and with any College policies for records management and document retention. Additionally, for auditing and other purposes, other financial documents should be retained for ~~three~~ **seven** years or as determined by the funder.*

## 23 IT STRATEGY

Received:

the draft IT Strategy (09-30R).

The Committee noted that the purpose of the new IT Strategy was to assist the IT Services Department in meeting the needs and the expectations of the College. In addition, it set out possibilities for the future of improved information architecture at the College. It was emphasised that approval of the Strategy itself did not imply approval of any funding; and that instead the funding for the initiatives laid out in the Strategy would be addressed through the ITS budget and the Planning Round.

The Committee asked how the Strategy would be implemented, particularly given that the vast majority of initiatives were listed as either high or medium priority. It was heard that an implementation plan would address the possibly changing priorities upon approval of the Strategy.

**Recommended:**

**that the draft IT Strategy be approved by Council.**

## 24 MANAGEMENT ACCOUNTS

Received:

a paper from the Director of Finance (09-91).

The Committee heard that the Finance Department was looking to revise the student debt collection policy. While a significant proportion of student debt was actually owed by the Student Loans Company (i.e. it would be received; it was just a matter of finalising the total amounts), the College needed to put in place procedures proactively to avoid student debt. This could be achieved in part by requiring students to pay a deposit to secure their place, or offering students a discount for full upfront payment of their tuition fees. In the case of unavoidable student debt, it was vital that the College was able to identify and pursue debtors early.

The Committee noted that the College had a systemic and ongoing problem of under spending (see *Minute 12, 6 November 2008*), although it was noted that in many cases the spending had simply been deferred (for instance, for Student Records System, which was currently in the tendering process), and many aspects of the problem related to estates spending. (In this latter regard the Committee noted that minor works expenditure did now seem to be progressing to plan.) It was noted also that the apparent under spend in relation to DDA compliance was an artefact of the College's accounting, and that a strategic approach which identified DDA-related aspects of other projects, and accounted for spending accordingly, was being introduced.

The Committee noted that one of the College's financial sensitivities referred to a possible positive variance arising from vacant posts; this was of course an issue that needed to be managed appropriately by relevant staff members and Human Resources.

The Committee heard that the Finance Department was committed to improving the production of accurate forecasts in order to enable a better management of the College's finances in the future.

## **25 DEPARTMENTAL FINANCIAL ANALYSIS MODEL**

Received:

a paper from the Director of Finance (09-92).

Noted:

that the DFAM was a historical analysis of Departments' attributed income and expenditure, and provided a useful starting point for the development of a more functional resource allocation model.

## **26 BUDGET PROCESS 2009-10**

Received:

a report from the Director of Finance (09-93).

The Committee noted that the budget process for 2009-10 required increased input and analysis from Budget Holders (including a consideration of how their individual budget proposals were in line with college strategy), and as such was the first step in a move away from incremental budgeting and toward the development of devolved budgetary control. It was noted that the capital budget process was separate, and that it included spending above £5,000 only; the Planning Round was a further parallel process.

In general, the Committee welcomed the new approach to the budget process and looked forward to receiving budget proposals at the next meeting.

## **27 TRAC SUBMISSIONS**

Received:

a report on the TRAC return (09-94).

Noted:

- (i) that most of the figures were as expected, and that the College had made surpluses in all areas where it controlled the pricing; these areas were where the College would be focusing its growth strategies in the future (i.e. postgraduate provision, international students, etc);
- (ii) that in general the results of the TRAC return were encouraging though the deficit on publicly-funded teaching reflected a problem of concern for the sector as a whole and not just Goldsmiths.

## **28 HEFCE GRANT LETTER**

Received:

a report from the Director of Finance (09-95).

Noted:

- (i) that the College received 35% of its income from HEFCE, and in 2009-10 it would receive 1.5% less funding than in 2008-09 (a reduction of 2.6% in teaching funding and 2.0% in overall research funding);
- (ii) that the reduction in HEFCE funds was primarily due to policy relating to Equivalent and Lower Qualifications and the so-called “STEM ring-fence” that HEFCE had erected following guidance from the Government, both of which had a large impact on Goldsmiths;
- (iii) that the College would have to determine how it would allocate its QR funds in a way that would recognise departments that had performed well in the RAE, while maintaining and enhancing research quality across the College;
- (iv) that the entire higher education sector would need to prepare for the likely decrease in funds available for higher education in the future.
- (v) that the Senior Management Team would be taking this into account when determining the budget strategy for 2009-10.

## **29 DATES OF FUTURE MEETINGS**

To note that the final meeting for 2008-09 will be held at 11am on the following date:

28 May 2009

Jessica Pavlos  
Quality and Governance Administrator  
March 2009