

**GOLDSMITHS  
University of London**

**COUNCIL**

**FINANCE AND RESOURCES COMMITTEE**

**Minutes of the meeting held on 7 November 2011**

**Present:** Mr Mark Baillache (in the Chair), Dr Rupert Evenett, Mr James Haywood, Mr Dan Lambeth, Mr Patrick Loughrey.

**In attendance:** Dr Philip Broadhead, Professor Simon McVeigh, Professor Jane Powell, Director of Finance, Head of Management Accounts, Head of Financial Accounting, Registrar and Secretary (Secretary).

***OPEN BUSINESS***

**1 CHAIR OF THE COMMITTEE**

The Chair announced that as was relocating to a new post outside the UK he would shortly be resigning as a member of Council and Finance and Resources Committee. (See also Minute 14 below.)

**Resolved:**

That, under the provisions of Section 8 of the Standing Orders (2011-12), Dr Rupert Evenett be appointed Chair of the Committee until Council should appoint a permanent Chair, noting that this was currently expected to be with effect from 1 September 2012.

**2 MINUTES**

**Resolved:**

that the Minutes of the meeting held on 6 June 2011 be approved, subject to the inclusion in minute 4 of the Portrait of Professor Crossick as a matter which had been discussed.

**3 STANDING ORDERS**

**Noted:**

the revised Standing Orders in force for all Goldsmiths Committees from 1 September 2011 (11-307).

#### **4 CONFLICT OF INTERESTS POLICY**

**Noted:**

the College's Conflict of Interests Policy, and its potential implications for the obligations of members of the Committee (11-308).

#### **5 TERMS OF REFERENCE, COMPOSITION AND MEMBERSHIP OF THE COMMITTEE**

**Received:**

the terms of reference, composition and membership of the Committee for the academic year 2011-12 (11-390).

**Noted:**

- (i) the new term and responsibility in relation to Financial Statements approval at 3(viii), by which Finance and Resources Committee now had a role in scrutiny of the Accounts Section of the Financial Statements before they were considered by Audit Committee.
- (ii) the new composition (excluding members of the Senior Management Team other than the Warden).

**Recommended:**

that the current supplementary standing order on Voting (instituted in 2005) be replaced by a requirement that no meeting of the Committee be considered quorate unless attended by at least two independent members.

The Committee noted that, since its normal quorum under the College's general Standing Orders was 3 (in any category), under the new composition introduced from 1 September 2011, this would prevent the staff and student members from deciding an issue at a poorly-attending meeting, thus explicitly maintaining the original intention of the present supplementary standing order on voting, but in a much simpler way.

The recommendation of the Committee would be considered by Council at its Spring term meeting, when it considered all amendments to Committee terms of reference, composition and supplementary standing orders together, with approved recommendations coming into effect on 1 September 2012.

#### **6 HIGHER EDUCATION POLICY DEVELOPMENTS**

**Received:**

a briefing note by the Registrar and Secretary on the White Paper *Higher Education: Students at the Heart of the System*, and associated developments (11-391).

## **7 HEFCE CORRESPONDENCE**

### **Received:**

a letter dated 29 July 2011 from HEFCE to the Warden relating to the Annual Accountability Return for Autumn 2010, including confirmation that the College was assessed as "not at higher risk", and that the accountability obligations set out in the Financial Memorandum had been met (11-323).

### **Noted:**

that the College had received the Accounts Direction from HEFCE for the 2010-11 Accounts, published on 4 August 2011, together with the Accountability Return circular, and that further details could be consulted on the HEFCE website.

## **8 ANNUAL ACCOUNTABILITY RETURN SUBMISSION**

### **(i) Draft statement of actual 2010-11 expenditure and forecast expenditure for 2011-12 (11-392)**

#### **Recommended:**

- (a) that the commentary (paragraphs 2-8) and financial tables from paper 11-392 be submitted to HEFCE;
- (b) that any minor changes resulting from the finalisation of the HESA returns and the audited financial statements be incorporated in the final submission by the Director of Finance.

### **(ii) Draft Financial Statements 2010-11 (11-393,11-440,11-445, 11-446)**

#### **Received:**

- (i) the Draft Reports and Financial Statements for the year ended 31 July 2011 (11-393);
- (ii) reconciliation of the Financial Statements to the Management Accounts (11-440);
- (iii) a tabled update (11-445) relating to a provision of £239k for potential clawback of HEFCE and TDA funding
- (iv) a tabled update on capital expenditure (11-446)

The Committee noted that, under its terms of reference as amended with effect from 1 September 2011, it had received the Financial Statements with a view to drawing any matters of concern relating to the Accounts section to the attention of Audit Committee, which would decide at its meeting on 9 November 2011 whether to recommend to Council (29 November 2011) approval of the Financial Statements as a whole.

The Committee noted patterns of capital expenditure. In 2010-11 Capital Expenditure was roughly equal to the depreciation charge; budgets for 2011-12

were greater. Such expenditure depended on positive cashflow, which was in turn dependent to some degree on growth in overseas student numbers. The Committee noted the view that the College still had potential for further growth in overseas student numbers: visas were not an issue for the immediate future, and the College was growing from a lower baseline than other institutions.

It was noted that cash balances would decline as provisions were paid out; continued surpluses would be necessary to retain positive and health cash balances.

The Committee noted the College's prudent approach to treasury management, with rules preventing more than £5m being invested with any individual counterparty, and an approach which sought security rather than high endowment income.

**Resolved:**

to confirm to Audit Committee that there were no issues which Finance and Resources Committee wished to raise in relation to the Draft Reports and Financial Statements for the year ended 31 July 2011.

## **9 SUMMARY MANAGEMENT ACCOUNTS**

**Received:**

the Management Accounts for the year ended 31 July 2011 (11-394).

The Committee noted the outturn of £3.1 million, which was better than forecast. In discussion it was noted that no strategic initiatives relating to academic provision or the student experience had been deferred because of concerns about available funds. However, better forecasting would have enabled a greater amount to have been spent on capital works in the year.

A number of improvements were taking place to further improve forecasting. These include a better baselining of budgets against spend patterns and quarterly re-forecasting. This would lead by the end of 2011-12 to substantially better forecasts, in line with best practice.

The Committee considered the levels of contingency in College budgets. It was noted that the College had better systems to deal with negative variance: overspends are quickly identified and appropriate measures taken. The Committee also noted the view that the student record system project and the management accounts improvements mitigated forecasting risks; a bigger risk was negative variance on income.

The Committee discussed the issue of "hidden course costs" (that is, charges to students beyond tuition fees, which was an issue of current concern). It was noted that work was being done to identify additional charges, to enable clarity about what was reasonable and what was not.

Consideration was given to variance on research. It was noted that the largest explanatory factor was changes in research council behaviour, where fewer, larger grants

were generally being awarded. The College was working to improve success rates and had strengthened the Research Office to support this.

## **10 UPDATE TO 2011-12 ESTATES CAPITAL BUDGET**

### **Received:**

An update on the Estates capital budget for 2011-12 (11-446, tabled)

The Committee noted the balances brought forward from 10-11, and considered issues of capacity to spend the whole budget. Investment had been made to increase the capacity of the estates team; the College was also seeking to move to a longer planning horizon, to improve scheduling and workload.

The College noted in particular issues relating to the refurbishment of Pulse Gym and to the upgrade of offices in the Laban Centre: these were offices in the part of the building owned by the College, not by the Laban Centre.

## **11 STUDENTS' UNION FINANCIAL STATEMENTS**

### **Noted:**

- (i) that the Financial Statements of the Students' Union were now received by Audit Committee, in conjunction with their consideration of the External Auditor's report on the Union and their responsibilities under the Financial Regulations to approve the appointment of future Auditors;
- (ii) that in the light of this, circulation to Finance and Resources Committee had been discontinued (except on request), but the Students' Union Financial Statements would continue to be received by Council, of which all members of Finance and Resources Committee were (by definition) members.

## **12 STUDENT RECORDS PROJECT**

### **Received:**

a report on the Student Records Project by an external consultant, together with an introductory paper by the Registrar and Secretary on the management arrangements for the project (11-444)

The Committee noted that the same paper had been received by Audit Committee for its meeting on 9 November 2011. The Committee noted the report. The proposed arrangements for project assurance were welcomed.

## **13 COMMITTEE REVIEW**

It was suggested that at a future meeting the Committee might reflect on its own effectiveness. This suggestion was welcomed as a good routine practice.

## **14 VOTE OF THANKS**

The Committee noted that the chair, Mark Baillache, was relocating to Hong Kong and would therefore be resigning as a member of Council and Chair of Finance and Resources Committee. Members of the Committee, and officers, thanked the chair for his work for the Committee, and in particular his excellent counsel and wisdom.

## **15 DATES OF MEETINGS**

### **Noted:**

that future meetings would be held as follows:

6 March 2012 at 2.00pm  
31 May 2012 at 2.00pm

**CONFIDENTIAL BUSINESS**  
*(Exemptions 36 and 43 of the Freedom of Information Act  
expected to apply for period of at least one year)*

## **16 FIVE-YEAR FINANCIAL FORECAST**

### **Received:**

the five-year forecast, incorporating analysis of the 2010-11 outturn (11-395).

The Committee noted that a five year forecast would be provided to HEFCE in June 2012. This would be brought to the Committee nearer the time for approval. The forecast presented includes planned activities and gave more detail of how the College was addressing the financial and environmental challenges it faced. The forecast operating surplus would enable necessary capital investment.

## **17 ACADEMIC DEVELOPMENTS**

### **Received:**

an outline by the Registrar and Secretary of currently-proposed academic developments, including a new Academic Area, the Institute of Management, for which outline approval had been given by Academic Board on 1 November 2011 (11-441).