

**GOLDSMITHS
University of London**

COUNCIL

FINANCE AND RESOURCES COMMITTEE

Minutes of the meeting held on 31 May 2012

Present: Dr Rupert Evenett (in the Chair), Mr James Haywood, Mr Patrick Loughrey, Ms Mary Stacey.

In attendance: Dr Philip Broadhead, Mr Andrew Lantry, Professor Simon McVeigh, Professor Jane Powell, Mr John Sharp, Ms Sally Townsend, Miss Catherine Swarbrick, Mr Chris Lloyd (Secretary).

Apologies: Mr Philip Wright, Mr Dan Lambeth

OPEN BUSINESS

1 MINUTES

Resolved:

that the Minutes of the meeting held on 6 March 2012 be approved.

2 MATTERS ARISING FROM THE MINUTES

(i) Matters arising (additional course costs)
(Minute 2 refers)

It was noted that additional programme costs had been discussed at the Value for Money Sub-Committee and that the Director of Finance would circulate feedback to the Committee.

(ii) Sale of peripheral properties in the College Estate
(Minute 7 refers)

It was noted that sealed bids had been received for the properties on St Donatt's Road, with the highest bids, which were slightly above estimate, accepted and the sales proceeding through the process.

3 REPORT ON ACTION TAKEN BY THE CHAIR

Received:

a note on the action taken by the Chair to approve a contract with UNITE for student residential facilities (12-236).

Noted:

that Goldsmiths' had signed an agreement with UNITE that gave Goldsmiths' control of the Hall Fees, which had been set at a level comparable with Halls of their standard across the College.

4 MANAGEMENT ACCOUNTS

Received:

management accounts for the period ending 31 March 2012, together with a commentary (12-237).

Noted:

- (i) that third quarter forecasts had just been completed reporting a £2.3 million surplus which was higher than that forecast in the second quarter;
- (ii) that the Head of Financial Accounts and Services had started working on a 12 month rolling cash flow forecast to replace the current reporting by the end of the year;
- (iii) that work was being reconfigured within the Estates Department to make the best use of staffing establishment following departures under the Voluntary Severance Scheme but that no staff had been allowed to leave simply to be replaced.
- (iv) that the management accounts presented a positive picture but acknowledged uncertainties and volatilities within the sector;

Resolved:

- (i) that by November cash flow would be brought forward to have more prominence and sit in the main part of the management accounts;
- (iii) that as cost reductions had been made in recent years, the expenditure base identified in the management accounts would be the baseline from which to work going forward, with the Financial Strategy identifying how investment would be prioritised within this cost base.

5 BUDGET

Received:

the proposed College budget for the year 2012-13 (12-238).

Noted:

- (i) that in order to produce a budget individual meetings were held with departmental budget holders with discussions linking income to expenditure;
- (ii) that as income forecasts and student number forecasts were more detailed this year this has resulted in a more robust budget;
- (iii) that the projected surplus was slightly lower than the HEFCE guidance of 3-5% but that the Director of Finance believes this was set at an appropriate level;
- (iv) that the budget would be provisional until final student numbers were known in October although student numbers were under constant review;
- (v) that the LASALLE contract had been beneficial to the 2012-13 projected surplus but this was a five year contract that was likely to be reviewed in five years time so would need attention in the future;

- (vi) that academic investments had been included as well as estates investment, such as the Confucius Institute, the Institute of Management Studies and preparation for the Research Excellence Framework.

Resolved:

- (i) that the Head of Financial Accounts and Services would ensure that Student Union space would be raised with the Estates Department as part of the discussions on Capital Expenditure;
- (ii) that the categorisation of investments would be reviewed to ensure that those marked as relating to the student experience were actively benefiting the student experience.

Recommended:

that the draft budget for 2012-13 be approved as set out in paper 12-238.

6 FINANCIAL STRATEGY

Received:

a discussion paper concerning the Financial Strategy (12-239).

The Committee noted that the Financial Strategy was an important part of College strategy. As such, while the Senior Management Team would have overall responsibility for implementation of the Strategy, Heads of Department would need to engage, for example in discussions through the Warden's Advisory Group. It was acknowledged, however, that it might take time to embed acceptance of this culture amongst Heads of Departments.

The Committee also noted that while the surplus of 2.5% detailed in the 2012-13 budget was acceptable that this should be considered as a bare minimum with the College aiming to increase its surplus to around the 5% level. To this end targets for the operating surplus and also the operating cash flow surplus should be set for the upcoming years, indicating how that growth in surplus to 5% can be achieved over the period.

Alongside this investment criteria should be set against which spend would be prioritised. These investment criteria would be based on the four strategic pillars and would be central to the Financial Strategy.

As part of strategic planning of the academic portfolio discussions have already begun to consider cross-cutting themes for development across the College; these might also usefully be aligned to the academic elements of the Financial Strategy.

Resolved:

- (i) that the Director of Finance would update the Financial Strategy to reflect these discussions and share with the Committee for iteration during the Summer in order for the Strategy to be resubmitted at the Autumn Meeting;
- (ii) that a medium-term operating surplus target would be set by the Senior Management Team, suggested to be approximately 5%, following a review by the Director of Finance of investment need;

- (iii) that the Strategy would highlight academic investment as well as estate and infrastructure investments;
- (iv) that a recommendation would be made to the Estates Committee to categorise their investments to allow for more granular reporting, with categories such as infrastructure; maintenance; direct student experience etc;
- (v) that in order to provide a basis for future investment criteria would be included against which the College's confidence in adding long term exposure for current investment through borrowing would be determined and the circumstances under which borrowing would be agreed;
- (vi) that a fundraising target for the Development Office would also be included in the Financial Strategy.

7 TUITION FEES

Received:

a description of the fee process (12-240). The report on those fees set will be submitted to the Autumn term meeting.

Noted:

- (i) that the Committee would receive, at its Autumn term meeting, a report on those fees set for 2013-14;
- (ii) that the paper should state that "Finance and Resources Committee delegates authority for setting fees to SMT" rather than "SMT delegates authority for setting fees to Finance and Resources Committee" and as such Finance and Resources Committee are asked to ensure, on behalf of Council, only that there was no strategic change in the fee setting process;
- (iii) that postgraduate fees, and particularly the bottom fee band, would be reviewed to ensure that the fee level allows for necessary investment and also places Goldsmiths within the appropriate market segment.

8 HALL FEES

Received:

a report on Hall Fees approved by the Senior Management Team for 2012-13, following consultation with the Students' Union (12-241).

9 STUDENTS' UNION BUDGET

Received:

copies of the Students' Union budget for 2012-13 (12-242), noting that this was subject to approval of the element of the College budget relating to the grant to the Students' Union, and was also awaiting approval by the Students' Union Board of Trustees.

10 DEBT MANAGEMENT

Received:

a report from the Finance Department on work undertaken and planned in relation to debt management (12-243).

11 FINANCIAL REGULATIONS AND ASSOCIATED DOCUMENTS

Received:

proposals for amendment to the Financial Regulations and list of Associated Documents (12-244).

Recommended:

that amendments to the Financial Regulations be approved as set out in Appendix A to paper 12-244.

Resolved:

that the *Summary of Protocols for Proposed Capital Expenditure* be removed from the list of *Financial Regulations Associated Documents*.

12 ACKNOWLEDGEMENTS

Noted:

- (i) that the Finance Department should be commended for their work and in particular the papers discussed at the meeting which were of the highest order;
- (ii) that this would be the final meetings for both James Haywood and Philip Broadhead, who should both be thanked for their helpful and professional contributions to the Committee.

13 DATES OF FUTURE MEETINGS

Noted:

that future meetings would be held as follows (all expected to be in Room 110, Deptford Town Hall Building: however locations are announced on individual agendas):

5 November 2012 at 4.00pm
4 March 2013 at 4.00pm
10 June 2013 at 4.00pm

14 FINANCIAL FORECAST AND COMMENTARY

Received:

the draft Financial Forecast and commentary for submission to HEFCE (12-245).

Recommended:

that the commentary and financial forecast tables contained in 12-245 be submitted to HEFCE.

CL
June 2012