



## COUNCIL

Wednesday 23 November 2017

### MINUTES

*PRESENT:*

Dame DeAnne Julius (*Chair*)

Ms Sarah Al-Aride

Mr Ven Balakrishnan  
Professor Lucie Clapp

Dr Martin Fry

Professor Patrick Haggard

Ms Lindsay Nicholson

Lord Sharkey

Mr Justin Turner QC

Professor Andrew Wills

Professor Michael Arthur (*President and  
Provost*)

Mr Dominic Blakemore

Professor Annette Dolphin

Dr Andrew Gould

Mr Hamza Jamshaid

Dr Hynek Pikhart

Mr Philip Sturrock

Ms Sarah Whitney

Baroness Valentine

*In attendance:*

Ms Wendy Appleby (Secretary to Council); Dame Nicola Brewer (Vice-Provost (International)), Mr Philip Harding (Director of Finance and Business Affairs); Mr Andrew Grainger (Director of UCL Estates) (*for minute 30*); Mr Mark Hopley (Director of Finance, UCL East) (*for minute 39*); Ms Lori Houlihan (Vice Provost (Development)); Mr Rex Knight (Vice-Provost (Operations)); Professor Paola Lettieri (Academic Director for UCL East) (*for minute 39*), Professor David Lomas (Vice-Provost (Health)); Ms Bella Malins (Director of Access and Admissions) (*for minute 30d*); Ms Anne Marie O'Mullane (Assistant Secretary to Council).

Apologies for absence were received from Ms Nahid Majid, Professor Anthony Smith and Dr Celia Caulcott.

*Key to abbreviations used in these Minutes:*

EDH	Eastman Dental Hospital
GDP	Gross Domestic Product
IQR	Internal Quality Review
OfS	Office for Students
PGR	Postgraduate Research
QSH	Queen Square House
TRAC	Transparent Approach to Costing
UCU	University and College Union
UKVI	UK Visas and Immigration
USS	Universities Superannuation Scheme

## Preliminary Formal Business

### 24 DECLARATION OF INTERESTS

24.1 No interests were declared.

### 25 MINUTES OF THE PREVIOUS MEETING

25.1 **Approved:** the minutes of the Council meeting held on 25 October 2017 [*Council Minutes 1 – 23, 2017-18*] were confirmed by Council subject to the following changes: Titles of Ms Sarah Whitney and Professor Patrick Haggard to be amended.

### 26 MATTERS ARISING

26.1 There was one matter arising from the meeting of 25 October 2017 which was carried over to the meeting 23 November 2017; Quality Assurance Return [*see Minute 30C below*].

## Matters for discussion

### 27 PROVOST'S BUSINESS

#### 27A UCL Academy GCSE Cohort

27A.1 The first cohort sat their GCSEs in the Summer 2017 at the UCL Academy. The cohort performed well above average in the core subjects.

#### 27B UCU

27B.1 UCL had received notification from UCU of the intention to ballot members on industrial action in relation to proposed changes to the USS Pension Scheme. Council noted that UCL had responded to the USS consultation with employers.

#### 27C Brexit

27C.1 The Provost and six other members of the Russell Group were due to meet with the Commissioner for Research, Science and Innovation, Carlos Moedas.

#### 28D Budget

28D.1 The Autumn 2017 budget included an announcement to increase research and development investment to 2.4% of GDP by 2027. There was a commitment to spending an extra £2.3bn on research and development investment by 2021-22.

28D.2 Also included in the Autumn 2017 budget were plans to change the immigration rules to enable world-leading scientists and researchers endorsed under the Tier 1 route to apply for settlement after three years. Processes would be streamlined to enable highly-skilled students to apply to work in the UK after finishing their degrees. Red tape would be reduced in hiring international researchers and members of established research teams, by relaxing the resident labour market test and by allowing the UK's research councils and other select organisations to sponsor researchers.

#### 28E **OfS consultation**

28E.1 The OfS was undertaking a large consultation on how it would operate. The closing date was 22 December 2017.

#### 28F **Improving NSS results**

28F.1 The Provost and the Vice-Provost (Education & Student Affairs) had undertaken a series of meetings, which generated a number of ideas, in respect of improving UCL's NSS results. These included enhancements to appraisal and accountability mechanisms as well as to the IQR process. Council would be kept updated with progress.

### 29 **ANNUAL FINANCIAL STATEMENTS**

*[PAPER 2-18, 2017-18]*

#### 29A **Financial Statements**

29A.1 The Director of Finance & Business Affairs outlined the amendments made to the Financial Statements following the meetings of Finance Committee and Audit Committee, as set out in the paper circulated the day before the meeting of Council. In particular, Council noted amendments 2, 6 and 15 as follows:

2) There was a reworking of the commentary on financial performance to clarify the impact of FRS102 on both current and prior year results;

6) Commentary was included to set out UCL's approach to funding the capital programme and to confirm current and projected levels of drawdown against the two primary debt facilities; and

15) A new note was added to reference those significant areas of management judgement within the 2016-17 accounts, and specifically those in relation to accounting for research income, impairments and retirement benefit obligations.

29A.2 The reported outcome was for a surplus on total comprehensive income of £80.2m (6.0% of total income) on a consolidated basis; this was closely in line with UCL's FRS102 adjusted forecast of £83.5m. The difference was primarily due to an impairment loss; a total of £3.51m in previously capitalised cost had been expensed in 2016-17. This was due to the approval of the proposal for the EDH and as a consequence to cease works on QSH.

29A.3 Total income from research contracts was down £70.6m against the previous year. This was attributable to the recognition of non-recurrent capital grant funding of £83.2m in the prior year, combined with a £12.4m reduction in

income relating to the Research and Development Expenditure Credit (RDEC) scheme. These two items masked an underlying year-on-year increase of £25m.

29A.4 Council discussed UCL's financial performance. It was noted that £100m had been drawn down from UCL's revolving credit facility, £50m of which had subsequently been repaid. A refresh of the Financial Strategy was planned which would include a review of how liquidity and debt facilities were managed.

29A.5 A reduction in scholarships and prizes expenditure was attributed to a drop in PGR numbers.

## **29B External Audit Report**

29B.1 The external auditors provided an unqualified audit opinion on the Group and UCL's financial and subsidiary financial statements.

29B.2 There was an unadjusted audit difference in respect of the treatment of Research and Development Expenditure Credit (RDEC), with the auditors commenting that they regarded the management's line of approach as overly-prudent. This was not a material difference. It was noted that this RDEC treatment was consistent with 2015/16, and less material than last year.

29B.3 Audit Committee and Finance Committee were thanked for their work in considering the Financial Statements. The Finance Team were congratulated on the completion of the audit ahead of time and for the improved accuracy of their forecasting.

### ***RESOLVED – on the recommendation of Finance Committee:***

29B.4 **That Council approve the audited Financial Statements, covering both the commentary and figures for the year 2016-17.**

## **30 ANNUAL ASSURANCE TO HEFCE, INCLUDING PREVENT** *[PAPER 2-19, 2017-18]*

### **30A Annual Audit Committee Report**

30A.1 The Chair of the Audit Committee confirmed Audit Committee's satisfaction with the adequacy and effectiveness of UCL's internal control systems for the year ending 31<sup>st</sup> July 2017. Audit Committee was also satisfied with the effectiveness of the arrangements for risk management, financial reporting, encouraging the pursuit of value for money throughout UCL, the management and quality assurance of data provided to HEFCE and other public bodies and corporate governance.

30A.2 KPMG provided a 'Head of Internal Audit opinion' which stated: 'Significant assurance with minor improvement opportunities. Our work has confirmed that there is generally a sound system of internal control which is designed to meet UCL's objectives and that controls in place are being consistently applied in all key areas reviewed.'

30A.3 Audit Committee had received an annual report on value-for-money from the Director of Finance and Business Affairs for the year ended 31 July 2017

(Appendix C). This had a RAG system of rating. One (Professional Services) was graded “Red”. It was noted that the TOPS project is designed to improve this rating by addressing the underlying gaps in performance and value-for-money.

30A.4 KPMG graded their findings from Internal Audits as ‘Significant Assurance’, ‘Significant Assurance with minor improvement observations’, ‘Partial Assurance’ and ‘No Assurance’. The priority of their recommendations was similarly graded. During the year ended 31 July 2017, none of the internal audit reviews undertaken by KPMG resulted in an overall assessment of ‘No Assurance’. There were four reports that received a rating of ‘Partial Assurance with improvements required: Managing Grievances; UKVI Compliance (Tier 2/5); Data Quality (TRAC); and Declarations of Interest. There were six “high risk recommendations”. Audit Committee would monitor management responses and progress throughout 2017/18.

**RESOLVED:**

30A.5 **That Council approve the Annual Audit Committee Report for submission to HEFCE.**

**30B Annual Accountability Return Annexe A**

30B.1 A completed version of Annual Accountability Return Annexe A was tabled at the meeting.

**RESOLVED:**

30B.2 **That Council approve the Annual Accountability Return Annexe A, for submission to HEFCE.**

**30C Quality Assurance Return**

30C.1 Council discussed the Quality Assurance Return. It was noted that the Return focussed primarily on methodology rather than the outputs from the quality assurance activities during the year. The Action Plan set out in the report on UCL2034 Principal Theme 2, the Education Strategy and the report on UCL2034 Enabler A provided the action plans and were considered by Council on 25 October 2017. A separate action plan would be provided with next year’s Quality Assurance Return along with a summary of the data that supports the assurance on academic standards.

**RESOLVED:**

30C.5 **That Council approve the Annual Accountability Return 2017 for Quality Assurance for submission to HEFCE.**

**30D Prevent Return**

*Bella Malins, Director of Access and Admissions, was in attendance for this item*

30D.1 Council considered the third annual report on Prevent which covered the reporting period 1 August 2016 to 31 July 2017. In July 2017, UCL appointed a new Prevent Lead, Bella Malins.

30D.2 Council was updated on activity that had taken place after the reporting period. UCL now had an updated external speakers' procedure managed by the Students' Union for events related to clubs and societies at the Union and another complementary procedure for all other external speaker bookings. UCL's Procedure for the Management of External Speakers and the revised Code of Practice on Freedom of Speech had been drafted and were currently moving through UCL's internal approval processes.

30D.3 Dialogue was ongoing with the Students' Union and it was recognised that it was important to have a partnership to embed the statutory duty while being cognisant of the Students' Union's wider concerns about the Prevent duty.

30D.4 There was a discussion on training, which comprised face-to-face training and e-learning. Council members expressed an interest in accessing the e-learning training for their information or having a more detailed briefing on Prevent.

**RESOLVED:**

30D.5 **That Council approve the Prevent Return for submission to HEFCE.**

<b>Matters for approval or information</b>
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31 **KATHLEEN LONSDALE BUILDING REFURBISHMENT**

[PAPER 2-22, 2017-18]

31.1 **Approved** - further funding of £1,995,500 in order to complete the refurbishment of the Kathleen Lonsdale Building. This additional sum would come from the programme level contingency.

32 **UCL SLAVERY AND HUMAN TRAFFICKING STATEMENT UPDATE REPORT**

[PAPER 2-23, 2017-18]

32.1 **Received** – a report on UCL Slavery and Human Trafficking Statement.

33 **HEALTH & SAFETY REPORT/UCL HEALTH AND SAFETY POLICY**

[PAPER 2-25, 2017-18]

33.1 **Received** – the Health and Safety Committee annual report 2016-17 and the updated Statement of Safety Policy.

33.2 A query was raised about the cladding used on a UCL building that was similar to that used at Grenfell. Council was advised of all the safety features and procedures in place. Council was also advised that it would be updated on the plans to modify the cladding.

34 **UNIVERSITY TITLE**

34.1 This item was not presented to Council due to lack of time.

35 **ACADEMIC COMMITTEE REPORT**

*[PAPER 2-26, 2017-18]*

35.1 **Received** – the Academic Committee report 2016-17.

36 **MINUTES: COMMITTEES**

*[PAPER 2-27, 2017-18]*

36.1 **Received** – a note of minutes of other committees received since the last report.

37 **SELF-REVIEW OF COMMITTEES**

*[PAPER 2-28, 2017-18]*

37.1 **Received** – a report on the outcome of the latest Self-Review of Council Committees.

38 **DATE OF NEXT MEETING**

38.1 The next meeting was scheduled for Tuesday 30 January at 3pm in the Council Room.

Wendy Appleby  
Secretary to Council  
November 2017