



FINANCE COMMITTEE

Held on Tuesday 5 July 2016 at 10.30 a.m. in the Council Room,
G12, South Wing, Gower Street, London, WC1E 6BT

MINUTES

PRESENT:

Mr Simon Melliss (*Chair*)

Professor Michael Arthur
(*President and Provost*)
Dr Ben Booth
Dame DeAnne Julius

Dr Gill Samuels
Professor Alan Smith
Mr Richard Smothers
Ms Sarah Whitney

In attendance: Mr Phil Harding (Director of Finance and Business Affairs); Mr Mark Hopley (Director of Finance, Central and Professional Services); Mr Rex Knight (Vice-Provost (Operations)); Dr Marguerite Nolan (Secretary to Finance Committee); Mr Tom Rowson (Director of Planning); Mr Dave Smith (Director, Estates Strategy and Programme Delivery); Mr Philip Sturrock (Observer); Professor Alan Thompson (Dean of Faculty of Brain Sciences); and Mr Martin Walsh (Commercial Director, Finance and Business Affairs).

Apologies for absence were received from Dr Stephanie Bird, Professor Sue Hamilton and Mr Mohammad Ali Mumtaz.

Key to abbreviations used in these Minutes:

FC	Finance Committee
HEFCE	Higher Education Funding Council for England
HESES	Higher Education Students Early Statistics Survey
I&E	Income and Expenditure
IoE	Institute of Education
QR	Quality Related Research Funding
TRAC	Transparent Approach to Costing
UCLU	University College London Union

Preliminary Formal Business

1a. Welcome and apologies

- 1a1. The Chair welcomed members to the meeting. Apologies were noted as listed above.
- 1a2. It was noted that Mr Simon Melliss would be standing down as UCL Treasurer and Chair of the Finance Committee on 31 December 2016. Mr Philip Sturrock would be appointed as UCL Treasurer and Chair of the Finance Committee from 1 January 2017, subject to Council approval.

1b. Declaration of interests

- 1b.1 There were no interests declared by members.

2. Minutes of the previous meeting

- 2.1 **Approved:** The Committee approved the Minutes of the last meeting of the Finance Committee held on 29 February 2016.

3. Matters arising from the Minutes FC 4-1 (15-16)

- 3.1 **Received:** The Committee received and noted the report on Matters Arising at FC 4-1 (15-16).

Matters for Discussion

4. Financial Update FC 4-2 (15-16)

- 4.1 **Considered:** The Committee considered the Financial Update at FC 4-2 (15-16). This report provided a forecast of the financial results for 2015-16 based on actuals for eight months of the financial year to 31 March 2016. This Forecast 2 updated the previous Forecast 1 which was presented to the Finance Committee at its meeting on 29 February 2016.
- 4.2 The Committee discussed Forecast 2. This indicated a projected surplus of £42.5m, a shortfall of £3.0m on the original budgeted surplus. It was noted that this was an improvement of £1.6m Vs F1 and work was continuing to close this shortfall before year end at the end of July 2016. It was expected that the budget surplus for 2015-16 would be achieved.
- 4.3 The Committee discussed the variances in Forecast 2. The Committee also discussed and noted the current cash flow position.
- 4.4 With regard to courses that had under recruited in 2015-16, it was noted that action was being taken to assess the success of new courses and a report was due to be completed in the autumn term 2016. It was proposed that this report should be submitted to the Finance Committee for information.
- 4.5 **Resolved:** The Committee noted the Financial Update at FC 4-2 (15-16) and the action being taken to address the projected shortfall.

- 5. UCL Planning Round** **FC 4-4 (15-16)**
- 5.1 **Considered:** The Committee considered the UCL Planning Round report at [FC 4-4 \(15-16\)](#). This provided a summary of Faculty student and staff projections for 2016-19 arising from this year's Faculty Planning Round.
- 5.2 The Committee welcomed the report and it was noted that it provided more visibility and control to work towards financial and organisational sustainability. The Committee highlighted the importance of focusing on the next three years with the projected increase in UCL student numbers. The Committee also noted the importance of effective communication between the centre and the faculties in the planning process.
- 5.3 The Committee discussed the possible implications of the outcome of the Referendum on 23 June 2016 to leave the EU for staff, students and the UK economy. It was noted that UCL was providing regular updates to staff and students concerning Brexit.
- 5.4 **Resolved:** The Committee noted the projections and the early assessment of the operational impact of supporting the planned growth as set out in the UCL Planning Round report at [FC 4-4 \(15-16\)](#).
- 6. HEFCE Summary Statistics on Financial Results 2015** **FC 4-5 (15-16)**
- 6.1 **Considered:** The Committee received the HEFCE Summary Statistics on Financial Results 2015 at [FC 4-5 \(15-16\)](#).
- 6.2 It was noted that the statistics in the report had been produced by HEFCE from the annual accountability returns submitted by institutions in December 2015. The report gave the results for UCL and showed how UCL compared against the results for the sector as a whole.
- 6.3 **Resolved:** The Committee noted the HEFCE Summary Statistics on Financial Results 2015 as set out at [FC 4-5 \(15-16\)](#).
- 7. Tuition Fees for 2017-18** **FC 4-6 (15-16)**
- 7.1 **Considered:** The Committee considered the proposed Tuition Fees for 2017-18 as set out at [FC 4-6 \(15-16\)](#). This paper reported on the revised approach to tuition fee setting and set out the fee proposals for UK/EU graduate programmes and all overseas students for the Academic Year 2017-18 and any follow up reviews that would be undertaken in the coming year.
- 7.2 It was noted that in June 2016, the Government announced a 2.8% uplift to the fee cap for 2017-18 for those providers that achieve a rating of 'meets expectations' under the new Teaching Excellence Framework (TEF), introduced in the UK Government 2016 HE White Paper *'Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice'* that is currently subject to sector consultation. In subsequent years such providers meeting the necessary rating would be able to apply an inflationary increase to fee levels.
- 7.3 The Committee discussed and agreed that assuming that the TEF proposals on provider assessments were agreed, UCL would apply for the TEF and seek Finance Committee's endorsement of a recommendation to Council that the full 2.8% uplift be applied to UK/EU undergraduate fees for 2017-18 entry.
- 7.4 It was noted that following the outcome of the Referendum on 23 June 2016 to leave the EU approval was being sought from the Committee that fees proposed for EU students in 2017-18 be revisited and confirmed through Chair's Action once there was a clearer understanding of the implications and the approach being taken across the sector. UCL would reassure EU

students with offers for 2016-17 that the fees advertised for 2016-17 and their future years of study would be honoured.

7.5 **Resolved:** The Committee approved the following:

- a. The Committee approved the fees proposed for 2017-18 and approved the request for Chair's Action to be taken on affiliate fees and proposals put forward by School of Life and Medical Sciences (SLMS) Faculties once further review had been undertaken;
- b. The Committee noted that follow up activity would be undertaken on the fee structures for affiliate students and UK/EU PGR students to inform fee setting for 2018-19;
- c. The Committee endorsed the recommendation to Council on applying a 2.8% uplift to regulated undergraduate entrant fees for 2017-18;
- d. The Committee approved the proposed action following the outcome of the Referendum on 23 June 2016 to leave the EU as set out in the report.

Other Business for Approval or Information

8. 1 St. Martin's Le Grand FC 4-9 (15-16)

8.1 **Received:** The Committee received the 1 St. Martin's Le Grand proposal at FC 4-9 (15-16). The proposal had been considered by the Estates Management Committee at its meeting on 15 June 2016 and was recommended to the Finance Committee for approval.

8.2 **Resolved:** The Committee approved the proposal for the acquisition and fit out of space at 1 St. Martin's Le Grand as set out at FC 4-9 (15-16).

9. Wilkins Terrace Lower Refectory FC 4-10 (15-16)

9.1 **Received:** The Committee received the Wilkins Terrace Lower Refectory proposal at FC 4-10 (15-16). This report provided an update on construction phase progress to date and requested the release of Capital Programme level contingency for additional funding required to enable the project to be completed. At its meeting on 15 June 2016 the Estates Management Committee had considered this proposal and recommended it to the Finance Committee for approval.

9.2 **Resolved:** The Committee noted the update on construction phase progress to date as set out at FC 4-10 (15-16) and approved the release of Capital Programme level contingency for additional funding required to enable the project to be completed.

10. Hatter Institute Lease and Eastman Dental Institute Rent Review FC 4-11 (15-16)

10.1 **Received:** The Committee received the Hatter Institute Lease and Eastman Dental Institute Rent Review proposal as set out at FC 4-11 (15-16). At its meeting on 15 June 2016, the Estates Management Committee had considered this proposal and recommended it to the Finance Committee for approval.

10.2 **Resolved:** The Committee approved the Hatter Institute Lease and Eastman Dental Institute Rent Review proposal as set out at FC 4-11 (15-16).

11. Materials Hub, Roberts Building - Project and Audit Review **FC 4-12 (15-16)**

11.1 **Received:** The Committee considered the Materials Hub, Roberts Building - Project and Audit Review at FC 4-12 (15-16).

11.2 The Committee discussed the changes that had been made by UCL Estates following the KPMG audit, Roberts Building Materials Hub audit and the Capital Programme re-baseline carried out in November 2015 by AECOM. It was noted that the Estates Division was confident that the changes that had been introduced provided a high degree of confidence in the management of capital projects and the wider capital programme delivery.

11.3 **Resolved:** The following was resolved:

a) The Committee noted the Materials Hub, Roberts Building - Project and Audit Review report at FC 4-12 (15-16) and approved the additional funding of £3.69m from the Capital Programme required to cover the additional costs.

b) An audit of capital project management would be carried out by KPMG.

c) A report on the Review of the Capital Programme would be included on the agenda of the Finance Committee meeting on 15 November 2016.

12. Research and Development Expenditure Credit (RDEC) **FC 4-13 (15-16)**

12.1 **Received:** The Committee received the Research and Development Expenditure Credit (RDEC) report at FC 4-13 (15-16).

12.2 **Resolved:** The Committee approved the recommendation that UCL pursues a claim for the 2014-15 financial year as set out at FC 4-13 (15-16).

13. Students' Union Budget for 2016-17 **FC 4-14 (15-16)**

13.1 **Received:** The Committee received the Students' Union Draft Budget for 2016-17 at FC 4-14 (15-16).

13.2 It was noted that the £325k deficit in the budget was subject to the proviso that it would deliver greater activity including a new participation based sports initiative Project Active, a focus on standards and the repair/maintenance of equipment and a complete overhaul of Bloomsbury Fitness equipment.

13.3 **Resolved:** That the Students' Union Budget for 2016-17 as set out at FC 4-14 (15-16) be recommended to Council for approval at its next meeting on 12 July 2016.

14. Debt Write Off **FC 4-15 (15-16)**

14.1 **Received:** The Committee received the Debt Write Off report at FC 4-15 (15-16).

14.2 **Resolved:** That the Debt Write Off report at FC 4-15 (15-16) be approved.

15. Banking Matters **FC 4-16 (15-16)**

15.1 **Received:** The Committee received the Banking Matters report at FC 4-16 (15-16). This included a request to approve one addition and two removals to the Main Authorised Signatories on the Bank Mandate. It also included a request for approval for two additional and two removals to the Authorised Signatories for the Petty Cash Bank Account.

15.2 **Resolved:** That the report on Banking Matters at FC 4-16 (15-16) be approved.

- 16. Minutes of the Investments Committee held on 1 March 2016** **FC 4-17 (15-16)**
- 16.1 **Received:** The Committee received and noted the Minutes of the Investments Committee meeting held on 1 March 2016.
- 17. HEFCE Grant Announcement** **FC 4-18 (15-16)**
- 17.1 **Received:** The Committee received and noted the HEFCE Grand Announcement Report as set at FC 4-18 (15-16).
- 18. Constitution and Membership of the Finance Committee for 2016-17** **FC 4-19 (15-16)**
- 18.1 **Received:** The Committee received the Constitution and Membership of the Finance Committee for 2016-17 at FC 4-19 (15-16).
- 18.2 **Noted:** This report would be updated to take account of the fact that Mr Philip Sturrock would be appointed as UCL Treasurer and Chair of the Finance Committee from 1 January 2017, subject to Council approval.
- 19. Dates of meetings of the Finance Committee in 2016-17** **FC 4-20 (15-16)**
- 19.1 **Noted:** That meetings of the Finance Committee would be held on the following dates in 2016-17:
- Tuesday 27 September 2016 at 10.30 a.m.
 - Tuesday 15 November 2016 at 10.30 a.m.
 - Tuesday 28 February 2017 at 10.30 a.m.
 - Thursday 29 June 2017 at 10.30 a.m.
- 20. Any other business**
- 20.1 There was no other business discussed.

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