



FINANCE COMMITTEE

Tuesday 15 November 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*)
Professor Stephanie Bird

Dame DeAnne Julius
Dr Gill Samuels
Professor Alan Smith

In attendance: Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Mr Rex Knight (Vice-Provost (Operations)); Ms Jennie Moule (Director of Strategy and Operations); Dr Marguerite Nolan (Secretary to Finance Committee); and Mr Matthew Swales (Senior Financial Controller).

Apologies for absence were received from Mr Zakariya Mohran, Mr Richard Smothers, Mr Philip Sturrock and Ms Sarah Whitney.

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

17a. WELCOME AND APOLOGIES

17a.1 The Chair welcomed members to the meeting. Apologies were received as noted above.

17b. DECLARATION OF INTERESTS

17b.1 There were no interests declared by members.

18. MINUTES OF THE PREVIOUS MEETING

18.1 **Approved:** The Committee approved the Minutes of the last meeting of the Finance Committee held on 27 September 2016.

19. MATTERS ARISING FROM THE MINUTES FC 2-1 (16-17)

19.1 **Received:** The Committee received and noted the report on Matters Arising since the last meeting at FC 2-1 (16-17).

Matters for Discussion

20. ANNUAL FINANCIAL STATEMENTS, PLUS THE HEFCE RETURN FC 2-2 (16-17)

20.1 **Considered.** The Committee considered the 2015-16 Annual Report: Consolidated Primary Statements and FRS102 Impact Summary at FC 2-2 (16-17). This set out UCL's unaudited group primary statements, including income statement and balance sheet, for the 2015-16 financial year. This incorporated a restatement of both the current and prior year financial results arising as a result of conversion to FRS102, the new UK accounting standard, and the subsequent changes in accounting treatment.

20.2 The Committee discussed the impact of FRS102 on the Statement of Comprehensive Income and Expenditure and the Consolidated and University Balance Sheet as at 31 July 2016. It was noted that this had resulted in significant increases being reported in the consolidated surplus for the 2015-16 and 2014-15 financial years. The Committee discussed the key changes which had resulted from the conversion to FRS102, as outlined in the report. For 2015-16, this included the accelerated recognition of capital grants. For 2014-15, this included the initial recognition of pension provision.

20.3 Audit work on the financials was still ongoing. UCL had not been informed of any significant proposed adjustments however, and therefore the results were not expected to change materially over the process through to finalisation. It was noted that the Annual Financial Statements for 2015-16 would be circulated to members of the Finance Committee as soon as they were available, for feedback prior to their submission to the Council meeting on 29 November 2016.

20.4 The Committee highlighted the importance of providing a clear translation of the previous and new accounting standards in the report to the next meeting of Council on the financial results for 2015-16.

20.5 **Resolved:** The Committee noted the 2015-16 Annual Report: Consolidated Primary Statements and FRS102 Impact Summary at FC 2-2 (16-17).

21. REVIEW OF THE CAPITAL PROGRAMME FC 2-4 (16-17)

21.1 **Considered:** The Committee considered the report on the Review of the Capital Programme at FC 2-4 (16-17). This second annual review of the capital programme responded to the request by Finance Committee for confirmation that the ten year programme was still being managed within the £1.25Bn funding envelope agreed by Finance Committee and Council in 2014.

21.2 It was noted that the programme was a live document and this review represented a snapshot in time. Work would continue to react to changing priorities, as well as undertaking a formal review every year. In particular, the conclusion of discussions around the Size and Shape project and a proposed review of the longer term Estate Strategy would require reconsideration of the programme in due course.

21.3 The Committee discussed the methodology that had been adopted for the review of the Capital Programme. It was noted that the pre-feasibility list included several projects that were prioritised as 1* to address institutional priorities including provision for additional teaching capacity, health, safety and compliance, lease renewals and improving the student experience. Members highlighted the importance of equity of treatment of Schools in the review process going forward. The Committee also discussed the funding of UCL East and it was proposed that an update should be provided to a future meeting of the Finance Committee on the progress of this project.

21.4 In the review of the Capital Programme it had been assumed that the Astor College student accommodation project would be included in the 10 Year Capital Programme, but not Ramsay Hall. The Committee discussed and noted the importance of both of these halls of residences due to their close proximity to the main UCL campus. It was proposed that further consideration should be given to how the refurbishment of Ramsay Hall could be funded.

21.5 Feedback was sought on the degree of confidence in reducing the programme level contingency by 20% as outlined in the report. It was noted that in addition to the programme level contingency, each capital project had its own contingency fund.

21.6 The Committee noted the importance of preparing completion reviews of capital projects which had been approved by the Finance Committee, covering the cost and management of the project, within six months of the completion date, so that lessons could be learnt.

21.7 **Resolved:** The Committee noted the report on the Review of the Capital Programme as set out at FC 2-4 (16-17).

Other Business for Approval or Information

22. RDEC ACCOUNTING TREATMENT FC 2-5 (16-17)

22.1 **Received:** The Committee received the report on RDEC Accounting Treatment. This provided an outline of the proposed accounting treatment for UCL's Research and Development Expenditure Credit (RDEC) tax claims in the 2015-16 financial statements as set out at FC 2-5 (16-17).

- 22.2 **Resolved:** The Committee approved the recommendation that existing accounting treatment be maintained and that recognition in the 2015-16 financial statements be limited to 65% of the value of UCL's 2014-15 RDEC claim as set out at FC 2-5 (16-17).
- 23. PROGRESS REPORT ON THE TRANSFER OF THE MRC PRION UNIT TO UCL** **FC 2-6 (16-17)**
- 23.1 **Received:** The Committee received and noted the progress report on the Transfer of the MRC Prion Unit to UCL as set out at FC 2-6 (16-17).
- 24. UCLU FINANCIAL STATEMENTS FOR 2015-16** **FC 2-7 (16-17)**
- 24.1 **Received:** The Committee received and noted the audited Financial Statements of UCL Union for the year ended 31 July 2016 at FC 2-7 (16-17).
- 25. BANKING MATTERS** **FC 2-8 (16-17)**
- 25.1 **Received:** The Committee received the report on Banking Matters at FC 2-8 (16-17). This included a request for approval for the addition of two signatories, removal of two named signatories and a reclassification of existing signatory from the Main Authorised Signatories list on the Bank Mandate.
- 25.2 **Resolved:** That the report on Banking Matters at FC 2-8 (16-17) be approved.
- 26. DEBT WRITE OFF** **FC 2-9 (16-17)**
- 26.1 **Received:** The Committee received the Debt Write Off report at FC 2-9 (16-17). In line with section 9.5 of UCL's Financial Regulations, this paper set out all proposed debt write-offs in excess of £10,000 for consideration and prior approval by the Finance Committee.
- 26.2 **Resolved:** That the report on Debt Write Off at FC 2-9 (16-17) be approved.
- 27. DATE OF NEXT MEETING OF THE FINANCE COMMITTEE**
- 27.1 **Noted:** That the next meeting of the Finance Committee would be held on Tuesday 28 February 2017 at 10.30 a.m.
- 28. ANY OTHER BUSINESS**
- 28.1 There was no other business discussed.

Dr Marguerite Nolan,
Secretary to Finance Committee,
m.nolan@ucl.ac.uk