



FINANCE COMMITTEE

16 October 2012

MINUTES

PRESENT:

Mr Simon Melliss (*Chair*)

Dr Bob Barber

Dr Ben Booth

Mr Mark Clarke

Ms Natasha Gorodnitski

Professor Malcolm Grant

(*President and Provost*)

Professor Sue Hamilton

Mr John Morgan

Dr Gill Samuels

Professor Alan Thompson

Sir Stephen Wall

Professor Jonathan Wolff

In attendance: Ms Nicola Arnold (Director, Financial Control and Analysis); Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Miss Valerie Hogg (Director, Financial Planning and Strategy); Mr Rex Knight (Vice-Provost (Operations)); Mr Nick McGhee (Secretary to Finance Committee).

Additional attendees: Mr Jack Foster (for minutes 7 and 8); Mr Adam Harman (for minute 7); Mr Nigel Percival (for minute 9).

Apologies for absence were received from Mr Ven Balakrishnan and Dr Andrea Townsend-Nicholson

Key to abbreviations used in these Minutes:

FC	Finance Committee
HMRC	HM Revenue and Customs
LBN	London Borough of Newham

Preliminary Formal Business

1 DECLARATION OF INTERESTS

Received

- 1.1 APPENDIX FC 1/01 (12-13) – a note by the Secretary on changes to the procedure for declaration of interests by members of Finance Committee.

Discussion

- 1.2 Any member of Finance Committee who had (or who knew of a family member who had) a material, personal, financial or other beneficial interest in any item on the Agenda was requested to declare that interest at the beginning of the meeting in order that such declaration could be recorded in these Minutes. No such interests were declared.

2 FINANCE COMMITTEE – TERMS OF REFERENCE, CONSTITUTION AND MEMBERSHIP 2012-13

Received

- 2.1 APPENDIX FC 1/02 (12-13) – proposed amendments to Finance Committee’s terms of reference, and details of the constitution and membership for the session 2012-13.

Discussion

- 2.2 It was suggested that in future the annual membership paper could usefully include details of members’ terms of appointment, as set out in the Regulations for Management¹.

RECOMMENDED – to Council

- 2.3 **That the proposed amended terms of reference, and the consequent amendments to the Regulations for Management, be approved.**

3 REPORTING TIMETABLE

Received

- 3.1 APPENDIX FC 1/03 (12-13) – a draft schedule of Finance Committee business for 2012-13, including a reporting timetable for quarterly forecasts.

¹ <http://www.ucl.ac.uk/ras/acs/governance/documents/rfm>, paragraph 4.2.

4 **MINUTES**

Approved

- 4.1 The Minutes of the meeting held on 28 June 2012 [FC Minutes 53-68, 2011-12] were confirmed by the Committee and signed by the Chair.

5 **MATTERS ARISING FROM THE MINUTES**

5A **John Dodgson House**

Received

- 5A.1 APPENDIX FC 1/04 (12-13) – a note outlining developments relating to the proposed additional expenditure on the refurbishment of John Dodgson House.

Reported

- 5A.2 On behalf of Finance Committee the (former) Chair had approved the recommendation to accept the increase in cost and to restore the original level of contingency, the effect of which was to increase the value approved by FC from £7.7m to £9.5m.

Discussion

- 5A.3 John Morgan outlined the basis for his advice that the level of budget contingency should be reinstated to the level in place before the Value Engineering exercise had taken place. FC noted that negotiations with HMRC were ongoing regarding the possibility of having the works zero-rated.

Matters for discussion

6 **FINANCIAL UPDATE**

Received

- 6.1 APPENDIX C 1/05 (12-13) – the Financial Update (October 2012).

Reported

- 6.2 The provisional results showed a surplus of £23.9m on a turnover of £856.9m. The increase in surplus was partly due to a gain on the transfer of pension schemes to SAUL (approximately £2.2m) and the transfer of assets of the

School of Pharmacy. The NHS debt position was improving. A full report and commentary would be presented to the Finance Committee meeting of 26 November 2012.

Discussion

- 6.3 FC members requested that the non-recurrent nature of £7m of the surplus be clearly indicated as such in the presentation of final accounts.
- 6.4 The variance in academic schools' expenditure identified on p.3 of the update was principally due to a relatively high spend on equipment in the final quarter and, arguably, some overly-conservative estimates of income.
- 6.5 Variation in the value of gilts had contributed to the movement in the numbers on pensions against those reported to FC in June [*FC Minute 66, 2011-12*]. At its meeting on 29 March 2012 FC had approved the proposed merger subject to a variation in costs not above 15% of those projected at the time [*FC Minute 52.5, 2011-12*]. The Chair requested that a reconciliation be submitted to the next meeting.
- 6.6 The financial statements would be finalised following the complete of the audit now in progress, and would then be submitted to the meetings of Audit Committee, Finance Committee and Council on 23, 26 and 28 November 2012 respectively.

7 NEW CAMPUS UPDATE

[Mr Jack Foster (Director – Special Projects) and Mr Adam Harman (Project Director, Drivers Jonas Deloitte / UCL) were in attendance for this item]

Received

- 7.1 APPENDIX FC 1/06 (12-13) – a note by the Director of UCL Estates, including, at Annexe 3, the draft proposition document dated 11 October 2012, due for consideration at the LBN Council meeting on 25 October 2012.

Reported

- 7.2 The proposition was a publicly available document setting out UCL's vision for the Stratford development. Commercial Heads of Terms were currently being negotiated and a draft would be submitted to the Finance Committee and (UCL) Council meetings on 26 and 28 November 2012. Newham Council hoped to approve Heads of Terms at a LBN Council meeting in December 2012.
- 7.3 Work over the summer had focussed on sharing UCL's vision for the site with Newham Council and progressing commercial negotiations. A more intensive programme of engagement with residents had recently commenced,

including a public meeting on 24 September. The Chair of Council had recently responded, on behalf of Council, to a collection of letters from residents of the Carpenters Estate.

Discussion

- 7.4 Mr Grainger tabled at the meeting details of the current level of spend on the project. FC members requested an update of this data in reports for the remainder of 2012-13. The expenditure was currently at a relatively low level but was expected to increase significantly in the third quarter.
- 7.5 A legal panel had recently been set up and the London Communications Agency appointed to handle public relations in the short term. LBN had established a formal presence on the Carpenters Estate, and thought was being given to arrangements for a UCL presence there.
- 7.6 FC discussed the nature and extent of UCL's obligation to the project as it moved towards the agreement of Heads of Terms. Heads of Terms committed the parties to negotiate in good faith but were not legally binding, and did not preclude the ability of either party to withdraw. Nevertheless it would not be desirable to seek to withdraw on grounds that did not have some basis in the Heads of Terms. It was noted that, even in the context of LBN having met the terms of the residents' charter, UCL might nevertheless find itself unable to proceed. This situation could arise for example if there were no guarantee of the necessary access to the site, or if the arrangements for meeting the funding gap for the project were unsatisfactory. At the point of agreeing Heads of Terms, legal advice on their implications, linking to the key strategic risks, could be made available to FC.
- 7.7 FC discussed the extent to which it was feasible to produce at this stage sufficiently meaningful data to inform a comprehensive financial plan outlining the impact of the project on UCL's overall financial position. It was currently anticipated that such data could be produced for the FC meeting in 19 June 2013, but it would first be necessary to complete consultations within the UCL community relating to the kind of buildings that would be appropriate for the site. It was nevertheless agreed that it would be useful for FC to have, at every meeting, an update on the indicative numbers provided in June 2012 (APPENDIX FC 5-51 (11-12)).

8 **STUDENT RESIDENCES**

[Mr Jack Foster (Director – Special Projects) was in attendance for this item]

Received

- 8.1 APPENDIX FC 1/07 (12-13) – a status update on student residences and a review of the residences asset strategy.

Reported

- 8.2 Student residences were perceived as a relatively stable and low-risk asset class; it could be expected therefore that borrowing would be available on favourable terms if required. The paper assayed a wide range of options, including outright disposal of student residence assets, although it was thought highly unlikely that this option would be taken forward in the context of ongoing high demand for UCL places from students.

Discussion

- 8.3 FC members drew attention both to the opportunity cost of any decision not to dispose of assets at a time of potentially unprecedented capital investment, and to the crucial importance of the availability of student accommodation to overseas student recruitment.
- 8.4 FC members would welcome more detailed information about the strength of demand, comparison with the private student accommodation sector, and implications of UCL's accommodation provision for student recruitment. A further update was requested for an FC meeting later in the year.

<p>Matters for approval or information</p>

9 **31 TAVISTOCK SQUARE**

Received

- 9.1 APPENDIX FC 1/08 (12-13) – a proposal to acquire and refurbish 31 Tavistock Square from the University of London.

Discussion

- 9.2 It was confirmed that the purchase sum of £1.15m did not include provision for refurbishment of numbers 29-30 Tavistock Square, but it was understood that the latter properties were generally in good order.

RESOLVED

- 9.3 **That Finance Committee approve the proposed acquisition and refurbishment of 31 Tavistock Square according to the terms set out at APPENDIX FC 1/08 (12-13).**

10 LEONARD WOLFSON CENTRE

Received

- 10.1 APPENDIX FC 1/09 (12-13) – a proposal for expenditure associated with the creation of a clinical trials facility in the National Hospital for Neurology and Neuroscience.

RESOLVED

- 10.2 **That Finance Committee approve the expenditure associated with the creation of a new clinical trials facility in the NHNN according to the terms set out at APPENDIX FC 1/09 (12-13).**

11 INSURANCE RENEWAL

Received

- 11.1 APPENDIX FC 1/10 (12-13) – a note on UCL’s insurance arrangements.

12 ACTION TAKEN BY THE CHAIR

Received

- 12.1 APPENDIX FC 1/11 (12-13) – a note of action taken by the Chair of behalf of Finance Committee.

13 INVESTMENTS COMMITTEE MINUTES

Received

- 13.1 APPENDICES FC 1/12-13 (12-13) – the minutes of the Investments Committee meetings of 3 May and 2 August 2012.

NICK MCGHEE
Secretary to Finance Committee
October 2012