



## FINANCE COMMITTEE

Tuesday 21 November 2017 at 10.30 a.m. in the Haldane Room,  
Wilkins Building (Main Building), Gower Street, London, WC1E 6BT

### MINUTES

*PRESENT:*

Mr Philip Sturrock (*Chair*)  
Professor Michael Arthur (*President and Provost*)  
Professor Lucie Clapp  
Dr Andrew Gould  
Dame DeAnne Julius  
Ms Sarah Whitney

*In attendance:* Ms Cathy Brown (Director of Strategy and Operations - for item FC 4-4, 17-18); Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Mr Hamza Jamshaid (Student Observer); Mr Rex Knight (Vice-Provost (Operations)); Dr Marguerite Nolan (Secretary to Finance Committee); Mr Matthew Swales (Director of Finance, Services); and Mr Martin Wedlake (Executive Head of Strategic Planning - for item FC 4-4, 17-18).

Apologies for absence were received from Professor Patrick Haggard.

<b>Preliminary Formal Business</b>
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**1. Declaration of interests**

1.1 There were no interests declared by members.

**2. Minutes of the previous meeting held on 10 October 2017 and the special meeting held on 23 October 2017**

2.1 **Approved:** The Committee approved the Minutes of the meeting of the Finance Committee held on 10 October 2017.

2.2 **Approved:** The Committee approved the Confidential Minutes of the Special meeting of the Finance Committee held on 23 October 2017, subject to one update which has been recorded as Confidential Business.

### 3. Matters arising from the Minutes

FC 4-1 (17-18)

- 3.1 **Received:** The Committee received and noted the report on Matters Arising from the Minutes as set out at FC 4-1 (17-18).
- 3.2 **Noted:** There was one matter arising reported from the Confidential Minutes of the Special meeting of the Finance Committee held on 23 October 2017, which has been recorded as Confidential Business.

<b>Matters for Discussion</b>
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### 4. Annual Financial Statements, plus the HEFCE Return

FC 4-2a&b (17-18)

- 4.1 **Considered:** The Annual Report and Financial Statements for the year ended 31 July 2017, plus the HEFCE Return at FC 4-2a&b (17-18). The Committee was required to review the Annual Financial Statements, particularly in relation to financial strategy and performance, and to recommend them to Council for approval.
- 4.2 The Committee discussed the financial performance for the 2016-17 financial year as outlined in the Financial Summary and Financial Review sections in the report. It was noted that there had been an increase of £96.1m in cash in the last financial year as well as a drawdown of £100m. The Director of Finance, Services, gave feedback on the cash position during 2016-17.
- 4.3 The Committee considered the Operating and Financial Review (OFR), Corporate Governance report, and Notes to the Accounts. Members put forward a number suggested amendments to the wording of these sections, which included the changes noted below. It was agreed that the Annual Report and Financial Statements would be updated to take account of the feedback from the Committee.

1. OFR Education: Student Surveys, p. 5

Additional text would be provided to clarify that non-publication of this year's NSS results was due to response rates falling below HEFCE's threshold for publication, and not as a result of any decision made by UCL.

2. OFR Financial Review: Analysis of Performance, p. 6

The commentary on financial performance would be updated to clarify the impact of accounting under FRS102 on both current and prior year results.

3. OFR Financial Review: Pension Schemes, p. 8

The existing commentary on UCL's membership of the USS and SAUL pension schemes would be removed from the 'Managing Risk' section and re-presented as a standalone 'Pension Schemes' section within the Financial Review.

4. OFR Managing Risk, p, 8

It was agreed to make reference to UCL's continuous cycle of internal audit work as a means of monitoring and managing operational risk.

5. Corporate Governance: Academic Committee, p. 13, paragraph 2

Additional text would be provided to clarify that the Academic Committee reports to Academic Board as well as Council, in line with its Terms of Reference.

6. Corporate Governance: Remuneration and Human Resources Strategy Committee, p 13, paragraph 4

The penultimate sentence in this paragraph would be amended to clarify that salary levels are set to attract and retain members of staff for the successful operation of UCL, both academically and administratively, whilst being mindful of financial constraints and internal relativities. Modest awards are also made from time to time for exceptional individual performance.

4.4 It was noted that a paper listing the amendments made to the 2016-17 Annual Report and Financial Statements following final auditor review and presentation at both Audit Committee on 17 November 2017 and Finance Committee on 21 November 2017 would be submitted to the Council meeting of 23 November 2017.

4.5 **Resolved:** The Committee resolved the following:

a) The Committee recommended to Council for approval at its next meeting on 23 November 2017 the Annual Report and Financial Statements for the year ended 31 July 2017, as set out at FC 4-2a (17-18), subject to the amendments agreed by the Finance Committee.

b) The Committee noted the HEFCE Return as set out at FC 4-2b (17-18).

**5. Review of the Capital Programme** **FC 4-3 (17-18)**

5.1 **Considered:** The Committee considered the report on the Capital Programme Review at FC 4-3 (17-18). The Finance Committee was required to review and approve a capital programme which provided the context for the consideration of capital project proposals. This report provided an update of the UCL Capital Expenditure Programme following the completion of Year 3 (2016-17) of the ten year, £1.25bn programme.

5.2 The Committee discussed the position of Astor College and Ramsay Hall which were not currently part of the ten year Capital Programme. Costs had been incurred to date for these projects and further expenditure was planned, as outlined in the table in paragraph 2.5. It was agreed that these two student residential projects would be included in the ten year Capital Programme. The Capital Programme Sub Committee (CPSC) would take this forward.

5.3 It was noted that the Capital Programme continued to be overcommitted. The Capital Programme Sub Committee (CPSC) would be reviewing options to bring the current projections back into line with the £1.25bn programme at its next meeting on 30 November 2017. The CPSC would also consider extending the Capital Programme by five years.

5.4 **Resolved:** The Committee noted the report on the Capital Programme Review at FC 4-3 (17-18). A revised and up to date report would be provided for the next meeting of the Finance Committee on 27 February 2018.

**6. Refresh of Financial Strategy** **FC 4-5 (17-18)**

6.1 **Considered:** The Committee considered the report on the Refresh of Financial Strategy at FC 4-5 (17-18). This paper summarised the plan and next steps for undertaking the refresh of UCL's Financial Strategy and listed the key areas to be included in the updated document.

6.2 The Committee discussed UCL's anticipated student recruitment in the next ten years, the level of regulated undergraduate tuition fees, and the possible impact of Brexit. It was agreed to include some sensitivity analysis of student recruitment in the ten year view of UCL's finances. It was also proposed that a Reserves Policy should be developed as part of the Financial Strategy.

6.3 **Resolved:** The Committee noted the report at FC 4-5 (17-18) and endorsed the approach proposed for the refresh of the Financial Strategy.

## 7. Future Agenda Items FC 4-6 (17-18)

7.1 **Considered:** The Committee considered the report on Future Agenda Items at FC 4-6 (17-18). Following the discussions at the Finance Committee away day on 23 October 2017, this paper set out some potential future agenda items for consideration.

7.2 The Committee discussed the suggested topics for consideration as listed on the paper. The Committee endorsed the suggested topics with the exception of Taxation. The following topics were identified as key items for future agendas:

- Transforming our Professional Services (TOPS)
- UCL East
- Strategy on Student Accommodation
- Ten Year Capital Programme

7.3 **Resolved:** The Director of Finance and Business Affairs would work with the Committee Secretary to schedule the topics included in the paper into the Committee's cycle of business.

## 8. Kathleen Lonsdale Building (KLB) Refurbishment FC 4-7 (17-18)

8.1 **Considered:** The Committee considered the Kathleen Lonsdale Building (KLB) Refurbishment business case at FC 4-7 (17-18). This confirmed the completion and occupation programme for the KLB refurbishment project and outlined the key issues relating to the request for additional funding.

8.2 The Committee discussed the background to the KLB project and the reasons for the increase in cost from the latest assigned budget for the project of £26,652,605, as at June 2016, to the anticipated final cost of £28,648,105, as at September 2017. Feedback was provided by the Director of UCL Estates. It was noted that lessons had been learnt from the KLB refurbishment and this would feed into future UCL estates projects.

8.3 **Resolved:** That it be recommended to Council, at its next meeting on 23 November 2017, to approve further funding of £1,995,500 in order to complete the refurbishment of the Kathleen Lonsdale Building, as set out at FC 4-7 (17-18). This additional sum would come from the programme level contingency.

<b>Other Business for Approval or Information</b>
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## 9. Banking Matters FC 4-8 (17-18)

9.1 **Received:** The Committee received the Banking Matters report at FC 4-8 (17-18). This paper requested approval for the addition of four signatories and the deletion of two named signatories from the Main Authorised Signatories List on the Bank Mandate.

9.2 **Resolved:** The Committee approved the Banking Matters report at FC 4-8 (17-18).

**10. Chair's Action**

**FC 4-9 (17-18)**

- 10.1 **Received:** The Committee received and noted the report on Chair's Action taken to approve the acquisition of new leased space in the Bloomsbury core campus area, as set out at FC 4-9 (17-18).

**11. Date of next meeting of the Finance Committee**

- 11.1 **Noted:** That the next meeting of the Finance Committee would be held on Tuesday 27 February 2018 at 10.30 a.m.

**12. Any other business**

- 12.1 There was no other business discussed.

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Secretary to Finance Committee  
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