



FINANCE COMMITTEE

23 September 2014

MINUTES

PRESENT:

Mr Simon Melliss (*Chair*)

Professor Michael Arthur
(*President and Provost*)
Mr Ven Balakrishnan
Dr Stephanie Bird
Dr Ben Booth

Professor Sue Hamilton
Mr John Morgan
Ms Gill Samuels
Professor Alan Smith
Professor Alan Thompson

In attendance: Ms Nicola Arnold (Director, Financial Control and Analysis); Professor Stephen Caddick (Vice-Provost (Enterprise and London)) [*for Minute 16*]; Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Miss Valerie Hogg (Director, Financial Planning and Strategy); Mrs Lori Houlihan (Executive Director, Development and Alumni Relations) [*for Minute 6*]; Dame DeAnne Julius (Chair of Council-elect); Mr Omar Khan (Student observer); Mr Rex Knight (Vice-Provost (Operations)); Mr Nick McGhee (Secretary to Finance Committee); Mr Richard Smothers (FC member-elect); Mr Martin Walsh (Commercial Director, Finance and Business Affairs) [*for Minute 16*]; Ms Sarah Whitney (FC member-elect).

Apologies for absence were received from Dr Liam Graham.

Key to abbreviations used in these Minutes:

FC	Finance Committee
HEFCE	Higher Education Funding Council for England

<p style="text-align: center;">Preliminary Formal Business</p>

1 DECLARATION OF INTERESTS

Discussion

- 1.1 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 2014-15

Received

- 2.1 APPENDIX FC 1/01 (14-15) – Finance Committee’s terms of reference, and details of the constitution and membership for the session 2014-15.

Reported

- 2.2 On behalf of Finance Committee the Chair thanked the two outgoing members of Finance Committee, Sir Stephen Wall and Mr Mark Clarke, for their contribution to the work of the committee in recent years.

3 MINUTES

Approved

- 3.1 The Minutes of the meeting held on 10 June 2014 [*FC Minutes 61-88, 2013-14*] were confirmed by the Committee and signed by the Chair.

4 MATTERS ARISING FROM THE MINUTES

Received

- 4.1 APPENDIX FC 1/02 (14-15) – a note matters arising from the last meeting.

Matters for discussion

5 FINANCIAL UPDATE

Received

- 5.1 The Financial Update (September 2014) was tabled at the meeting and was saved with these Minutes as APPENDIX FC 1/14 (14-15).
- 5.2 An oral report from Mr Phil Harding, Director of Finance and Business Affairs.

Reported

- 5.3 The update gave the full year financial position for 2013-14, subject to audit. The overall surplus was £34.5m, including £20.3m from disposals. This was ahead of the third quarter forecast, but the operating surplus showed a £4.7m negative variance against budget.

6 CAMPAIGN UPDATE

Received

- 6.1 APPENDIX FC 1/05 (14-15) – an update on UCL Campaign fundraising and supporter engagement activity.
- 6.2 An oral report from Mrs Lori Houlihan, Executive Director, Development and Alumni Relations office.

Reported

- 6.3 The next campaign was currently in the planning phase, with a global launch scheduled for the autumn of 2016. £127m had been secured since counting began in August 2011. The campaign would see a change in focus with a shift towards efforts to secure larger gifts, although the process of building a comprehensive network of alumni contacts was ongoing. Early indications of the potential level of support for the Queen Elizabeth Olympic Park were encouraging, and a range of other ambitious projects were potentially attractive to philanthropy. FC noted the significant investment of the Provost's time in developing philanthropic relationships over the past year.

Discussion

- 6.4 It was envisaged that the new Abacus finance system would significantly enhance UCL's ability to capture the data

relating to progress towards philanthropic contribution targets.

- 6.5 FC welcomed the proposed adoption of the Ross-Case campaign counting standards, and the consequent increased clarity in management information. It was nevertheless suggested that in any future presentation the data under the Ross-Case convention should be presented alongside a broader, less narrowly-defined picture of progress with the campaign.

7 FINANCIAL BENCHMARKING

Received

- 7.1 APPENDIX FC 1/06 (14-15) – a financial benchmarking analysis against comparator institutions.
- 7.2 An oral report from Mr Phil Harding, Director of Finance and Business Affairs.

Reported

- 7.3 The benchmarking analysis was an ongoing project, carried out to date on the basis of publically-available data.

Discussion

- 7.4 FC members discussed the extent to which the analysis enhanced their understanding of UCL's performance, and the relevance of the selected comparator institutions. A Director of Planning was being appointed with a view to improving the quality of management data. In due course the analysis would begin to work through the data on a faculty-by-faculty basis.

8 FINANCE COMMITTEE SELF-REVIEW

Received

- 8.1 APPENDIX FC 1/07 (14-15) – a paper outlining the annual self-review process, introduced in response to a HEFCE Assurance Review.
- 8.2 Responses to a questionnaire circulated in advance of the meeting were considered in discussing FC's response to the self-review.

Reported

- 8.3 The Chair noted that there was little agreement among members regarding the effectiveness with which the committee approached a number of important issues, notably

financial strategy, budgets and forecasts, performance, capital expenditure, and risk. The Chair and the Director of Finance would consider what changes could be made in light of the feedback from the questionnaire. It was hoped that the advent of the Capital Programme [see *Minute 17*] would allay concerns over the absence of sufficient background information to inform decisions on specific capital projects. The Economics of University Research paper at APPENDIX FC 1/08 (14-15) was a first attempt to address concerns relating to FC's understanding of the fundamental drivers of the business.

Matters for approval or information
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9 ECONOMICS OF UNIVERSITY RESEARCH

Received

- 9.1 APPENDIX FC 1/08 (14-15) – a paper responding to FC's request for clarification on the economics of research [*FC Minute 51.8, 2013-14*].

Reported

- 9.2 The Chair intended that the paper would be brought back for discussion at the next meeting.

10 PROFESSIONAL SERVICES FINANCIAL UPDATE

Received

- 10.1 APPENDIX FC 1/09 (14-15) – an analysis of the increase in Professional Services costs between 2012-13 and the 2014-15 budget [*FC Minute 65.12, 2013-14*].

11 INSURANCE RENEWAL

Received

- 11.1 APPENDIX FC 1/10 (14-15) – details of UCL's current insurance arrangements.

Discussion

- 11.2 In respect of insurance cover against terrorism it was suggested that UCL should assure itself that more favourable terms – in particular relating to the extent of cover offered – could not be secured through a specialist broker.

12 **INVESTMENTS COMMITTEE ANNUAL REPORT**

Received

- 12.1 APPENDIX FC 1/11 (14-15) – the Investments Committee annual report 2013-14.

13 **INVESTMENTS COMMITTEE MINUTES**

Received

- 13.1 APPENDIX FC 1/12 (14-15) – minutes of the Investments Committee meeting of 10 June 2014.

14 **ACTION TAKEN BY THE CHAIR**

Received

- 14.1 APPENDIX FC 1/13 (14-15) – a note on action taken by the Chair since the previous meeting.

15 **DATE OF NEXT MEETING**

Received

- 15.1 The next meeting was scheduled for **Thursday 20 November 2014** at 10:30am in the Council Room.

NICK MCGHEE
Secretary to Finance Committee
September 2014