



FINANCE COMMITTEE

Tuesday 27 January 2015

MINUTES

PRESENT:

Mr Simon Melliss (*Chair*)

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

Dame DeAnne Julius
Dr Gill Samuels
Professor Alan Smith
Mr Richard Smothers
Professor Alan Thompson
Ms Sarah Whitney

In attendance: Ms Nicola Arnold (Director, Financial Control and Analysis); Mr Jack Foster [for Minute 43]; Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Ms Valerie Hogg (Director, Financial Planning and Strategy); Mr Omar Khan (Student Observer); Mr Rex Knight (Vice-Provost (Operations)); Mr Nick McGhee (Academic Services); Dr Marguerite Nolan (Secretary to Finance Committee).

Apologies for absence were received from Professor Sue Hamilton and Mr John Morgan.

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

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

30 **DECLARATION OF INTERESTS**

Noted

- 30.1 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.

31 **MINUTES**

Approved

- 31.1 The Minutes of the meeting held on 20 November 2014 [*FC Minutes 18-29, 2014-15*] were confirmed by the Committee and signed by the Chair.

32 **MATTERS ARISING FROM THE MINUTES**

[*APPENDIX FC 3/23 (14-15)*]

- 32.1 ***Received:*** The report on matters arising from the last meeting.
- 32.2 Minute 24.2 – the Committee had received a briefing on the economics of research funding from the Director of Finance and Business Affairs directly before this meeting.

Matters for discussion

33 FINANCIAL UPDATE

[APPENDIX FC 3/24 (14-15)]

- 33.1 **Received:** The UCL Financial Update, January 2015. This provided a forecast of the financial results for 2014-15 based on actuals for four months of the financial year to 30th November 2014.
- 33.2 UCL's forecast operating surplus was £35.1m, compared to a budget of £44.4m. The shortfall of £9.3m was largely the result of three contributory factors:
- A core contribution shortfall in the School of Life and Medical Science (SLMS) of £5.8m, arising principally as a result of student under-recruitment (both UG and PGT) and a lower projection for research overhead recovery;
 - A fall in HEFCE income, notified post budget, of £2.6m arising from HESES reconciliation and QR audit exercises;
 - Forecast overspend in Professional Services of £0.9m, arising in Estates (additional lease costs), ISD (project costs) and Student and Registry Services (higher expenditure on student bursaries).
- 33.3 Finance Committee discussed the action being taken to ensure that the original budget surplus would be achieved. The intention remained to recover the shortfall and deliver the budgeted surplus. Various measures had been agreed with the SLMS Deans and the Professional Services Directors including curtailing non-essential expenditure, delaying staff recruitment and, where possible, driving up income for the remainder of the year. Performance was being monitored on a monthly basis.
- 33.4 The Director of Financial Analysis and Control had assumed responsibility full-time for SLMS this financial year and the Director of Finance and Business Affairs was routinely attending the School Executive Group. Professional Services Directors had committed to plans to recover the £0.9m overspend. It was anticipated that the BEAMS and SLASH faculties would be able to cover the £2.6m HEFCE income reduction.
- 33.5 It was noted that the forecast excluded the surplus from the IOE post-merger and any exceptional items arising from the merger, though a forecast I&E and commentary for the full financial year for the IOE was included separately in the report.

34 **TRANSPARENT APPROACH TO COSTING**

[APPENDIX FC 3/25 (14-15)]

- 34.1 **Received:** The Transparency Review and commentary for the year ended 31 July 2015. As in previous years, all HEI's were required to submit to HEFCE their TRAC returns at the end of January. The report, which provided a summary of the UCL returns for 2012-13 and 2013-14, showed the Income and Expenditure position for both teaching and research and an expansion of the Research position to show activity by funding source.
- 34.2 The Committee considered the TRAC Final Return Comparisons at Annexes 1 and 2. The Committee noted the improved surplus for teaching activity and the increased deficit for research activity compared with the previous year.
- 34.3 UCL was working to improve the rate of return of staff activity timesheets, which informed the allocation of costs across teaching, research and other activities.

RESOLVED

- 34.4 **That the report on the Transparent Approach to Costing at FC 3/25 (14-15) be approved.**

35 **2015-16 BUDGET OUTLINE**

[APPENDIX FC 3/26 (14-15)]

- 35.1 **Received:** The 2015-16 Budget Outline report. In keeping with the process introduced last year, the Committee was being given early sight of the budget outline before the full details were submitted to the meeting on 2 July 2015. The proposal was for a 3.5% budget surplus, which was on the trajectory to hit the requirement of 5.5% surplus by 2017-18.
- 35.2 Finance Committee noted the significant ongoing pressures around employee compensation, against a background of student fees and research income not keeping pace with inflation.
- 35.3 The Committee discussed the increases in contribution targets for Schools and Faculties for 2015-16. It was acknowledged that the increases were challenging but necessary for UCL's financial sustainability and to meet the requirements of the Estates and Funding Strategy.

RESOLVED

- 35.4 **That the 2015-16 Budget Outline as set out at FC 3/26 (14-15) be approved.**

36 **TERRORISM INSURANCE**
[APPENDIX FC 3/28 (14-15)]

- 36.1 **Received:** A report on UCL's Terrorism Insurance arrangements, with a note on other options for covering the risk and what was available in the insurance market.
- 36.2 A question was raised about the possibility of UCL negotiating with its current terrorism insurance provider to raise the excess. It was agreed to approach the insurance provider again concerning this matter.

<p style="text-align: center;">Matters for approval or information</p>

37 **BANKING MATTERS**
[APPENDIX FC 3/29 (14-15)]

- 37.1 **Received:** An updated Authorised Bank Signatories List.

RESOLVED

- 37.2 **That the updated Authorised Bank Signatories List at FC 3/29 (14-15) be approved.**

38 **DATA CENTRE**
[APPENDIX FC 3/30 (14-15)]

- 38.1 **Received:** A proposal to move and replace UCL's Data Centre at Wolfson House to an Interim Data Centre at Torrington Place.

RECOMMENDED – to Council

- 38.2 **That the proposal as set out at FC 3/30 (14-15) be recommended to Council for approval at its next meeting on 10 February 2015.**

39 **CANARY WHARF**
[APPENDIX FC 3/31 (14-15)]

- 39.1 **Received:** The proposal for the acquisition and fit out of Level 38, One Canada Square for the part move of the Department of Management and Science Innovation, which would subsequently be rebranded into the UCL School of Management.

RECOMMENDED – to Council

- 39.2 **That the proposal as set out at FC 3/31 (14-15) be recommended to Council for approval at its next meeting on 10 February 2015.**

40 **HERE EAST**

[APPENDIX FC 3/32 (14-15)]

40.1 **Received:** The proposal for the lease and fit out of space on the North Park of Queen Elizabeth Olympic Park.

RECOMMENDED – to Council

40.2 **That the proposal as set out at FC 3/32 (14-15) be recommended to Council for approval at its next meeting on 10 February 2015.**

41 **CAPITAL PROGRAMME UPDATE**

[APPENDIX FC 3/33 (14-15)]

41.1 **Received:** The Committee received and noted the Capital Programme update, which provided a summary of expenditure to date and forecast against the latest approved capital programme.

41.2 It was noted that the Capital Programme Sub Committee (CPSC) was working to identify projects for deferral from the approved 10 year programme to ensure that the overall cost remained within the approved funding envelope. CPSC would consider options at its next meeting on 25 February 2015. An updated report would be submitted to the next meeting of the Finance Committee on 26 March 2015.

42 **DATE OF NEXT MEETING**

42.1 **Noted:** That the next meeting of the Finance Committee would be held on **Thursday 26 March 2015** at 10:30 a.m.

Dr Marguerite Nolan
Governance Officer
January 2015