



FINANCE COMMITTEE

Held on Tuesday 27 September 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

Dr Gill Samuels
Mr Philip Sturrock
Ms Sarah Whitney

In attendance: Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Mr Mark Hopley (Director of Finance, Central and Professional Services); Mr Rex Knight (Vice-Provost (Operations)); Mr Zakariya Mohran (Student Observer); Dr Marguerite Nolan (Secretary to Finance Committee); and Professor Alan Thompson (Dean of Faculty of Brain Sciences).

Apologies for absence were received from Dr Ben Booth, Dame DeAnne Julius, Professor Alan Smith, and Mr Richard Smothers.

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

1a. Welcome and apologies

- 1a.1 The Chair welcomed members to the meeting. Apologies were noted as listed above.
- 1a.2 **Noted:** The Committee thanked Dr Ben Booth for his service to the Finance Committee as he had come to the end of his term of office.

1b. Declaration of interests

- 1b.1 With regard to the exceptional items of expenditure as reported in the Financial Update, Item no. 5 on the agenda, Professor Stephanie Bird declared that her partner is involved with Magnus.

2. Finance Committee Terms of Reference, Constitution and Membership for 2016-17 FC 1-1 (16-17)

- 2.1 **Received:** The Committee received and noted the updated Terms of Reference, Constitution and Membership of the Finance Committee for 2016-17 at FC 1-1 (16-17).
- 2.2 It was proposed and agreed to review the wording of item no. 12 of the Terms of Reference of the Finance Committee to provide further context.
- 2.3 It was noted that following the UCL Council Effectiveness Review 2016, it had been agreed to reduce the membership of the Finance Committee to seven from 1 October 2017 by reducing the external members appointed by Council to two. Also, from 1 October 2017 the external members appointed by Council would be drawn exclusively from the Council.

3. Minutes of the previous meeting

- 3.1 **Approved:** The Committee approved the Minutes of the last meeting held of the Finance Committee held on 5 July 2016.

4. Matters arising from the Minutes FC 1-2 (16-17)

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

Matters for Discussion

5. Financial Update - draft year-end results for 2015-16 FC 1-3 (16-17)

- 5.1 **Considered:** The Committee considered the Financial Update as set out at FC 1-3 (16-17). This provided the draft financial results for the 2015-16 financial year, which ended on 31 July 2016. It was noted that the draft results were still subject to audit and final review of a number of operational items and one-off and exceptional items. It was expected that the surplus would be c£55m after these adjustment had been made.

- 5.2 The Committee discussed Table 2, which provided an analysis of the income and expenditure of schools, faculties and departments as compared to Forecast 2. Feedback was received on the reasons for the positive and negative variances which had been reported. Further feedback was sought and provided on the one-off and exceptional items included in the Financial Update. The Committee also discussed and noted the cash position at Table 3 and the reasons for the positive variance against the forecast at the year-end.
- 5.3 It was noted that the Financial Statements for 2015-16 were being prepared in accordance with the new financial reporting standard FRS102 and this was likely to result in a different surplus being reported in the Income and Expenditure Account. This was due, largely, to changes in income recognition for donations and capital grants. A reconciliation to the 2015-16 budget/forecast basis would be provided. The Committee considered the implications of the new reporting standard. The Committee highlighted the need to avoid any misunderstanding concerning the financial result for 2015-16, due to the new reporting standard, when the Financial Statements for 2015-16 were presented. It was suggested that the Finance Committee could review the key performance measures for financial sustainability at a future meeting.
- 5.4 The Committee congratulated UCL for achieving the budget for 2015-16.
- 5.5 **Resolved:** The Committee noted the Financial Update as set out at FC 1-3 (16-17).

<p>Other Business for Approval or Information</p>
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- 6. Planning and Budget Setting: Approach and Timetable for the 2016-17 Cycle** **FC 1-5 (16-17)**
- 6.1 **Received:** The Committee received and noted the Planning and Budget Setting: Approach and Timetable for the 2016-17 Cycle as set out at FC 1-5 (16-17).
- 7. Finance Committee self-review** **FC 1-6 (16-17)**
- 7.1 **Considered:** The Committee considered the Finance Committee self-review as set out at FC 1-6 (16-17). In common with other standing committees reporting to Council, Finance Committee was charged with carrying out an annual self-review, and confirming to Council that this had been done.
- 7.2 The Committee discussed the scope of the self-review. It was proposed that the list of questions could be expanded for the next self-review of the Finance Committee. It was noted that members of the Finance Committee had completed a self-review questionnaire in the summer term 2014 and they had found this process useful. It was proposed that members of the Executive who regularly attended the Finance Committee should be invited to respond to the self-review of the Committee in the future. Also, it was agreed to check whether the report on the UCL Council Effectiveness Review 2016 could be made available to members of the Finance Committee who were not members of Council.
- 7.3 **Resolved:** The Committee resolved the following:
- a) The Committee confirmed that it was satisfied that it was operating effectively and approved the Self-review of the Finance Committee at FC 1-6 (16-17).

b) The scope of the next Self-review of the Finance Committee would be reviewed following the feedback from members of the Committee.

8. Annual Report from the Investments Committee for 2015-16 FC 1-7 (16-17)

8.1 **Considered:** The Committee received the Annual Report from the Investments Committee for 2015-16 at FC 1-7 (16-17). Proposed changes to the Terms of Reference and membership of the Investments Committee were provided at Appendix 1.

8.2 **Noted:** The Committee discussed the figures on p. 73 of the report and it agreed that these would be reviewed for accuracy.

8.3 **Resolved:** The Committee approved the Annual Report from the Investments Committee for 2015-16 and the proposed changes to the Terms of Reference and membership of the Investments Committee at FC 1-7 (16-17), subject to the figures on p. 73 being reviewed.

9. Minutes of the Investments Committee meeting held on 5 July 2016 FC 1-8 (16-17)

9.1 **Received:** The Committee received and noted the Minutes of the Investments Committee held on 5 July 2016 at FC 1-8 (16-17).

10. Banking Matters FC 1-9 (16-17)

10.1 **Received:** The Committee received the report on Banking Matters at FC 1-9 (16-17). This included a request to approve the removal of two named individuals from the authorised signatory list on the Bank Mandate.

10.2 **Resolved:** That the report on Banking Matters at FC 1-9 (16-17) be approved.

11. Debt Write Off FC 1-10 (16-17)

11.1 **Received:** The Committee received the report on Debt Write Off at FC 1-10 (16-17). In line with section 9.5 of UCL's Financial Regulations, the paper set out all proposed debt write-offs in excess of £10,000 for consideration and approval by the Finance Committee.

11.2 **Resolved:** That the report on Debt Write Off at FC 1-10 (16-17) be approved.

12. Insurance Renewal FC 1-11 (16-17)

12.1 **Received:** The Committee received and noted the Insurance Renewal report at FC 1-11 (16-17).

13. Action taken by the Chair of the Finance Committee FC 1-12 (16-17)

13.1 **Received:** The Committee received and noted the report on action taken by the Chair since the last meeting of the Finance Committee as set out at FC 1-12 (16-17).

13.2 **Noted:** With regard to the Financial Commentary on Forecasts to 2018-19, at Annex 2, it was proposed and agreed to add Brexit to the Key Risks in future reports.

14. Date of next meeting of the Finance Committee

14.1 **Noted:** That the next meeting of the Finance Committee would be held on Tuesday 15 November 2016 at 10.30 a.m.

15. Any other business

15.1 There was no other business discussed.

Dr Marguerite Nolan,
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