



FINANCE COMMITTEE

Tuesday 28 February 2017 at 10.30 a.m. in the Council Room,
G12, South Wing, Gower Street, London, WC1E 6BT

MINUTES

PRESENT:

Mr Philip Sturrock (*Chair*)

Professor Michael Arthur
(*President and Provost*)
Professor Stephanie Bird
Dame DeAnne Julius

Dr Gill Samuels
Mr Richard Smothers
Ms Sarah Whitney

In attendance: Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Mr Rex Knight (Vice-Provost (Operations)); Dr Marguerite Nolan (Secretary to Finance Committee); and Ms Louise O'Brien (Director of Finance, Reporting).

Apologies for absence were received from Mr Zakariya Mohran and Professor Alan Smith.

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

30a. WELCOME AND APOLOGIES

30a.1 The Chair welcomed members to the meeting. Apologies were received as noted above.

30b. DECLARATION OF INTERESTS

30b.1 There were no interests declared by members.

31. MINUTES OF THE PREVIOUS MEETING

31.1 **Approved:** The Committee approved the Minutes of the last meeting of the Finance Committee held on 15 November 2016.

32. MATTERS ARISING FROM THE MINUTES FC 3-1 (16-17)

32.1 **Received:** The Committee received and noted the report on Matters Arising since the last meeting at FC 3-1 (16-17). There were no other matters arising.

Matters for Discussion

33. UCL FINANCIAL UPDATE FC 3-2 (16-17)

33.1 **Considered:** The Committee considered the UCL Financial Update at FC 3-2 (16-17). This report provided a forecast of the financial results for 2016-17, based on four months actuals and a review during the month of January 2017.

33.2 It was noted that UCL expected to achieve the budgeted surplus of £60m. However, there were variances in the actual as compared to the budget in research income and expenditure, student numbers and associated fees, and capital expenditure, which had contributed to the forecast.

33.3 The Committee discussed the reasons for the variances as outlined in the report and the action that was being taken to address the variances. It was noted that the compensation for the HS2 project had now been confirmed at £20m. This was included in the forecast as operating income and it had contributed to the surplus. Feedback was sought on the negative variance in student numbers. It was noted that when considering teaching activity the year on year growth was encouraging at 10% but UCL had not reached its ambitious recruitment targets, particularly in PGT.

33.4 **Resolved:** The Committee noted the UCL Financial Update as set out at FC 3-2 (16-17).

34. USS PENSION SCHEME FC 3-5 (16-17)

34.1 **Received:** The Committee received the report on the USS Pension Scheme at FC 3-5 (16-17). This paper provided an update on the USS funding position and the forthcoming valuation.

34.2 It was noted that preparatory work for the 2017 valuation of the scheme was well advanced. Work was underway to refine the key valuation assumptions including asset returns, discount rate, inflation, salary growth and demographic, and an employer consultation on that was expected in the summer 2017.

Other Business for Approval or Information

35. EU PROCUREMENT REGULATIONS FC 3-8 (16-17)

35.1 **Received:** The Committee received the report on EU Procurement Regulations at FC 3-8 (16-17). This paper put forward the recommendation that UCL should no longer consider

itself to be a contracting authority by reason of majority private funding, and as such could undertake procurements outside of the EU procurement regime.

35.2 **Resolved:** The Committee approved the recommendations as set out at FC 3-8 (16-17), subject to the proposed changes being endorsed by the HEFCE.

36. TORRINGTON PLACE DATA CENTRE FC 3-9 (16-17)

36.1 **Received:** The Committee received the Torrington Place Data Centre Relocation proposal as set out at FC 3-9 (16-17). Approval was being sought to recommend to Council to proceed with the project on the basis of the proposed new budget and timescales and to confirm HS2's contribution to the increased costs contractually. It was noted that at its meeting on 15 February 2017, the Estates Management Committee had considered the Torrington Place Data Centre Relocation proposal and recommended it to the Finance Committee for approval for submission to the Council.

36.2 The Committee discussed the style of presentation of Estates proposals which had been submitted to the Finance Committee. It was requested that in future each proposal should include an expanded coversheet/executive summary clearly outlining the full background of the project and what the Finance Committee was being asked to approve or recommend to Council. In addition, there should be a standardised template for the business cases.

36.3 The Committee discussed the reasons for the increase in cost of the Torrington Place Data Centre project as outlined in the business case and feedback was provided by the Director of UCL Estates. It was noted that the current agreed apportionment of costs would result in UCL's cost increasing by £1.75m with the rest of the increase being funded by HS2.

36.4 **Resolved:** The Committee approved the following:

a) The Committee resolved that the proposal proceed to Council for approval at its next meeting on 30 March 2017 of an increase in the capital budget for the Data Centre Relocation project of £12.26m to £49.90m, noting that HS2/ DfT's had fully participated in the scope and budget changes encompassed within this business case. HS2/ DfT's liability increases by £13.505m with UCL's liability increasing by £1.751m.

b) The Committee approved an immediate £2.3m increase in the capital budget to £39,944,447 to enable the project to continue to make progress while the full approval process was completed.

c) The Committee noted the extended programme and revised Wolfson House vacant possession date of February 2018 agreed with HS2.

37. BLOOMSBURY THEATRE REFURBISHMENT PROJECT FC 3-10 (16-17)

37.1 **Received:** The Committee received the Bloomsbury Theatre Refurbishment proposal at FC 3-10 (16-17). The Bloomsbury Theatre had closed in July 2015 due to building works impacting on asbestos. This had resulted in the complete strip out of the theatre.

37.2 It was noted that at its meeting on 15 February 2017, the Estates Management Committee had considered the Bloomsbury Theatre refurbishment proposal and recommended to the Finance Committee to approve the capital expenditure.

37.3 **Resolved:** The Committee approved capital expenditure of £19.8m for the Bloomsbury Theatre refurbishment proposal as set out at FC 3-10 (16-17).

- 38. 90 HIGH HOLBORN LEASE ACQUISITION FC 3-11 (16-17)**
- 38.1 **Received:** The Committee received the 90 High Holborn Lease Acquisition proposal at FC 3-11 (16-17). UCL currently occupied space in Aviation House under a lease that was due to expire in February 2018. The purpose of this paper was to seek authority to proceed with a lease acquisition for 90 High Holborn 2nd floor as alternative accommodation. The Business Case and Options Summary for this proposal were tabled at the meeting.
- 38.2 The Estates New Space and Project Approval Policy required the Finance Committee to approve all new space acquisitions regardless of the cost to UCL of the space itself. Finance Committee was required to approve the total additional cost to UCL (aggregate of lease costs and unbudgeted running costs of the space for a 10 year period), in accordance with the Delegated Authorisation Limits. It was suggested that a threshold of the value of leases to be submitted to the Finance Committee could be considered and agreed.
- 38.3 **Resolved:** The Committee approved the 90 High Holborn Lease Acquisition as set out at FC 3-11 (16-17).
- 39. BANKING MATTERS FC 3-13 (16-17)**
- 39.1 **Received:** The Committee received the report on Banking Matters at FC 3-13 (16-17). The paper requested approval for the removal of one named signatory from the Main Authorised Signatories list on the Bank Mandate.
- 39.2 **Resolved:** The Committee approved the report on Banking Matters as set out at FC 3-13 (16-17).
- 40. DEBT WRITE OFF FC 3-14 (16-17)**
- 40.1 **Received:** The Committee received the report on Debt Write Off at FC 3-14 (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 prior approval by the Finance Committee.
- 40.2 **Resolved:** The Committee approved the Debt Write Off report at FC 3-14 (16-17).
- 41. CHAIR'S ACTION - APPROVAL OF TRAC RETURN, JANUARY 2017 FC 3-15 (16-17)**
- 41.1 **Received:** The Committee received and noted the report on action taken by the Chair, on behalf of the Finance Committee, to approve the UCL TRAC Return for 2015-16, as set out at FC 3-3 (16-17).
- 42. DATES OF MEETINGS OF THE FINANCE COMMITTEE IN 2017-18 FC 3-17 (16-17)**
- 42.1 **Noted:** The Committee noted the update on dates of the Finance Committee meetings in 2017-18 at FC 3-15 (16-17). The dates of meetings would be confirmed to members once the dates of Council meetings and the membership of the Finance Committee had been agreed for the next academic year.
- 43. DATE OF NEXT MEETING**
- 43.1 **Noted:** That the next meeting of the Finance Committee would be held on Thursday 29 June 2017 at 10.30 a.m.

44. ANY OTHER BUSINESS

44.1 There was no other business discussed.

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