



FINANCE COMMITTEE

29 MARCH 2012

Any member of the 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.

- MINUTES -

PRESENT: Sir Stephen Wall (Acting Chair) Mr Ven Balakrishnan
Dr Bob Barber Dr Ben Booth
Professor Dame Hazel Genn Professor Malcolm Grant
Professor David Ingram Mr Simon Melliss
Mr John Morgan Dr Andrea Townsend-Nicholson

IN ATTENDANCE: Ms Nicola Arnold Mr Andrew Grainger
Miss Valerie Hogg Mr Rex Knight
Mr Nick McGhee Professor Anthony Smith
Mrs Alison Woodhams

Additional attendees: Mr Jack Foster (Minute 52)

Apologies for absence were received from: Ms Anne Bulford, Professor Stephen Caddick, Mr Mark Clarke, Ms Susannah Lloyd, Professor David Price, Mr Tim Rees Jones, Dr Gill Samuels, Professor Sir John Tooke, Professor Jonathan Wolff, Professor Michael Worton.

<i>Key to abbreviations:</i>	
HEFCE	Higher Education Funding Council for England
HEI	Higher Education Institution
OFFA	Office for Fair Access
QR	Quality Research Funding
RCUK	Research Councils UK
USS	Universities' Superannuation Scheme

Preliminary Formal Business

43 **MINUTES**

Approved

- 43.1 The Minutes of the meeting held on 26 January 2012 [*FC Minutes 26-42, 2011-12*] were confirmed by the Committee and signed by the Chair.

44 **MATTERS ARISING FROM THE MINUTES**

[*See minutes 51-52 below*]

Matters for discussion

45 **FINANCIAL UPDATE 2011-12**

Received

- 45.1 APPENDIX FC 4/41 (11-12) – the financial update 2011-12 (March 2012).

Reported

- 45.2 The overall forecast showed an overachievement against budget of £1.4m, with some further improvement expected by the end of the year. This was regarded as a particularly strong result in light of unexpected cost increases over the past 12 months.
- 45.3 Academic areas had improved against budget; research income overheads were predicted to increase by £1.7m, and tuition fee income was forecast to be £23.7m higher than in 2010-11. The inclusion of the School of Pharmacy in the accounts since January 2012 had resulted in an increase in revenue of approximately £12m. It would be necessary to absorb a £2m clawback from RCUK following the Wakeham review; for accounting purposes this was shown in the update as a cost.
- 45.5 An adverse variance was currently forecast in respect of Corporate Support Services, principally due to unbudgeted costs relating to the Stratford development, an agreed overspend on the Smart IT project, and a scaling down of the forecast of release of deferred capital grants following a review of the fixed asset register.
- 45.6 Capital expenditure was currently below budget as several Bloomsbury Masterplan projects were behind schedule.

- 45.7 There had been an improvement in the debtors' position, with total net debt down £16m over the last year. A substantial payment of NHS debt was expected in the coming days.

Discussion

- 45.8 FC members suggested that the chart of operating vs capital cashflows on p.10 of the update could be made clearer, particularly in respect of the net outflow of capital.

46 HEFCE GRANT ANNOUNCEMENT 2012-13

Received

- 46.1 APPENDIX FC 4/42 (11-12) – a note on the HEFCE Grant Announcement 2012-13 (tabled at the meeting).

Reported

- 46.2 UCL's total HEFCE grant for 2012-13 was £174.3m, down £7.5m (4.1%) on 2011-12. This compared favourably with a fall of 18.8% across the sector, due to a lower than average fall in the T grant of 14.7% at UCL (against 25% for the sector) and an increase in QR of 2.1% (against a standstill for the sector). The combined grant represented an improvement of £3.8m on the forecast one year ago. UCL was now in receipt of the second highest total HEFCE grant nationally, and in terms of research funding was in third position, behind Oxford and Cambridge.

- 46.3 FC noted a number of significant changes to the HEFCE methodology as outlined in the paper, in addition to the phasing out of the mainstream teaching grant.

- 46.4 The formula for calculation of mainstream QR had been adjusted to remove the weighting for 2* activity; the £35m thereby saved had been transferred to increase the fund to support the cost of UK/EU postgraduate research students, although this was now limited to the first three years of each student's period of research study.

Discussion

- 46.5 The concentration of QR brought about by the removal of weighting for 2* activity had resulted in some HEIs losing up to 40% of their QR funding. FC noted that institutions in this position would need to investigate new models of income which were likely to involve an increase in student numbers. This in turn would increase the cost to the Treasury loan book, thereby raising the prospect of the Treasury seeking to recover costs from other funding streams within the sector. The impact on the USS pension scheme of any bankruptcies within the sector was raised, but it was noted that the number of institutions deemed to be 'at risk' by HEFCE was currently very low. The

- lack of historical precedent for universities going bankrupt, and the ongoing process of change in the USS, were also noted.
- 46.6 It was clear that UCL's OFFA targets remained challenging. UCL had experienced a greater than average decline in applications from those groups to which it was committed to seek an increase in intake over the period 2012-2017. Conversion rates remained uncertain. The inevitable increase in competition for applicants from these groups with grades AAB+ was noted.
- 46.7 The Senior Management Team had reaffirmed its commitment to 4 year PhDs in spite of the restriction of research postgraduate funding to three years.

Matters for approval or information
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47 **BANKING MATTERS**

Received

- 47.1 APPENDIX FC 4/45 (11-12).

RESOLVED

- 47.2 **That the amendments to List B of the Bank Mandate as set out at APPENDIX FC 4/45 (11-12) be approved.**

48 **ENGINEERING 'MAKE SPACE' CAPITAL PROJECT**

Received

- 48.1 APPENDIX FC 4/46 (11-12) – a note on the Malet Place 'make space' project.

RESOLVED

- 48.2 **That the project be approved.**

49 **CAPITAL PROJECTS REPORT**

Received

- 49.1 APPENDIX FC 4/47 (11-12) – UCL Estates' Capital Projects Dashboard as at 29 February 2012.

50 **DATE OF NEXT MEETING**

Noted

- 50.1 Thursday 28 June 2012, **9am** – 12noon.