



FINANCE COMMITTEE

Thursday 29 June 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

Professor Alan Smith
Mr Richard Smothers
Ms Sarah Whitney

In attendance: Dr Andrew Gould (Observer); Mr Phil Harding (Director of Finance and Business Affairs); Mr Mark Hopley (Director of Finance, UCL East) - for Item 7; Mr Rex Knight (Vice-Provost (Operations)); Professor Paola Lettieri (Academic Director, UCL East) - for Item 7); Mr Zakariya Mohran (Student Observer); Dr Marguerite Nolan (Secretary to Finance Committee); Ms Louise O'Brien (Director of Finance, Reporting); and Mr Stephen Wells (Director, Major Projects).

Apologies for absence were received from Dr Gill Samuels.

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

51a. WELCOME AND APOLOGIES

51a.1 The Chair welcomed members to the meeting. Apologies were received as noted above.

51b. DECLARATION OF INTERESTS

51b.1 There were no interests declared by members.

52. MINUTES OF THE PREVIOUS MEETING

52.1 **Approved:** The Committee approved the Minutes of the last meeting of the Finance Committee held on 28 February 2017.

53. MATTERS ARISING FROM THE MINUTES

FC 4-1 (16-17)

53.1 **Received:** The Committee received and noted the report on Matters Arising since the last meeting at FC 4-1 (16-17).

53.2 It was agreed to circulate to members of the Finance Committee the year-end plan for preparation of the financial statements, together with EY's audit plan which would be considered by the Audit Committee on 7 July 2017.

Matters for Discussion

54. FINANCIAL UPDATE

FC 4-2 (16-17)

54.1 **Considered:** The Committee considered the Financial update at FC 4-2 (16-17). The paper presented the full year forecast with actual to date information for April 2017 and schedules attached at Appendix 1.

54.2 It was noted that the University outturn remained as previously forecasted, a budgeted surplus of £60m. Whilst the overall surplus was as planned the variances within this were described briefly in the paper.

54.3 The Committee discussed the significant positive and negative variances against the budget, as included in the report. Feedback was provided by the Director of Finance and Business Affairs on the reasons for the variances. It was noted that the year on year growth of teaching activity was at 13% but had not reached the ambitious recruitment plans we set for ourselves, particularly in PGT. Also, the predicted estates capital activity for the year was now forecasted to be £148m against a budget of £177m. The reduced estates capital expenditure was due to the delays in the completion of the purchase of Clare Hall.

54.4 **Resolved:** The Committee noted the Financial update at FC 4-2 (16-17).

55. FINANCIAL FORECASTS, BUDGET FOR 2017-18 AND PROJECTIONS TO 2019-20

FC 4-3a&b (16-17)

55.1 **Considered:** The Committee considered the Financial Forecasts, Budget for 2017-18 and Projections to 2019-20 as set out at FC 4-3a&b (16-17). This was presented to the Finance Committee for consideration for recommendation to Council for approval. The paper included the following two reports:

a) UCL Financial Strategy Refresh;

b) UCL Budget 2017-18 and Financial Projections to 2019-20.

- 55.2 The first paper outlined the reasons for the delay in the achievement of the level of surplus. These reasons related to unanticipated changes in the external environment and to strategic decisions taken by UCL in the period since 2013. It also showed that the latest cash flow projections for the next ten years indicated that the delay in the achievement of the 5.5% surplus would not adversely impact UCL's ability to repay its debt and its overall liquidity position. The second paper and accompanying schedules presented the budget information for 2017-18 alongside the financial projections to 2019-20. It provided a three year overview and detailed analysis for 2017-18. An updated version of pp. 54-55 of the second report was tabled.
- 55.3 The Committee discussed the rationale for setting the original surplus target of 5.5% for 2017-18 and beyond, as well as the reasons for deferring this target to 2019-20, as outlined in the report. Feedback was provided by the Director of Finance and Business Affairs and the Provost.
- 55.4 The Committee discussed the measures that UCL would need to take to achieve the surplus target of 5% in 2018-19 and 5.5% in 2019-20. Consideration was also given to the Budget Risks 2017-18 as included in the report. It was noted that a UCL Financial Sustainability Task Group would be established which would aim to deliver projects with a focus on generating mid-term savings as well as sharing current best practice. This would include academic staff in its membership.
- 55.5 The Committee discussed the cash flow projections for the next ten years as included in the first report. It was noted that a large number of variables impacted the cash flow and it would be necessary to keep the cash flow model updated on a regular basis.
- 55.6 **Resolved:** That the UCL Budget 2017-18 and Financial Projections to 2019-20, as set out at FC 4-3a&b (16-17), be recommended to Council for approval at its next meeting on 13 July 2017, subject to a number of minor updates to be made to the second paper.

56. TUITION FEES FOR 2018-19

FC 4-4 (16-17)

- 56.1 **Considered:** The Committee considered the Tuition Fee proposals for 2018-19 at FC 4-4 (16-17). This paper presented a summary of the proposals made by Faculties for unregulated tuition fees in the academic year 2018-19. This followed the steer approved by the Finance Committee in February 2017. The paper also served as an update on the current position on regulated fees and UCL was implementing the introduction of fixed fees for international undergraduate students.
- 56.2 The Committee discussed the Benchmarking report at Appendix B which provided high level benchmarking across a range of PGT and PGR subject areas against key competitors. Feedback was provided by the Provost on UCL's tuition fee level position as compared to its key competitors. It was noted that this was reviewed by UCL each year.
- 56.3 **Resolved:** The Committee approved the following as set out at FC 4-4 (16-17):
- a) The Committee approved the proposals made by Faculties for 2018-19 unregulated fees as presented in Appendix A.
 - b) The Committee noted the update on the introduction of the undergraduate international fixed fee including the modelling that underlies the proposed fee increase.
 - c) The Committee approved the fixed fees for international undergraduates in 2018-19, including the exemptions listed in Appendix A.
 - d) The Committee noted the current position on regulated fees in respect of UK and EU

undergraduates and the delay to confirmation on fee levels in 2018-19.

e) The Committee approved the introduction of an inflationary increase (to be confirmed by government) to undergraduate continuer students who commence from 2017-18 onwards.

Other Business for Approval or Information

57. IOE MASTERPLAN FC 4-6 (16-17)

57.1 **Received:** The Committee received the IOE, 20 Bedford Way, Masterplan at FC 4-6 (16-17). This had been considered by the Estates Management Committee at its meeting on 14 June 2017 and was recommended to the Finance Committee for approval.

57.2 The Committee highlighted the importance of developing the Masterplan in phases and that this be kept under review as the project progressed.

57.3 **Resolved:** The Committee approved the following as set out at FC 4-6 (16-17):

a) That the Masterplan Strategy be adopted and developed in Phases for 20 Bedford Way.

Also, subject to further detail from the project team requested by the Capital Programme Sub Committee:

b) To extend the Masterplan to incorporate 26 Bedford Way, to facilitate greater sharing of space and facilities for all whilst unlocking further repurposed space and helping integrate IOE further.

c) To review the nature and sequencing of the phases of refurbishment and building works noting the commitment with respect to Thornhaugh Mews extension.

d) To ensure that a clear communication and consultation strategy is put in place for each phase of the Masterplan.

58. IOE, 20 BEDFORD WAY, PHASE 1 FC 4-7 (16-17)

58.1 **Received:** The Committee received the IOE, 20 Bedford Way Phase 1 Business Case at FC 4-7 (16-17). This had been considered by the Estates Management Committee at its meeting on 14 June 2017 and was recommended to the Finance Committee for approval.

58.2 It was noted that the Committee was being asked to approve Phase 1 costs of £15m at this stage, as included in the Business Case for Phase 1. The nature and sequencing of the later proposed phases of refurbishment and building works would be kept under review and proposals submitted to the Finance Committee for consideration at a later stage.

58.3 **Resolved:** The Committee approved the following as set out at FC 4-7 (16-17):

a) That phase 1 costs of up to £15m be released from the pre-feasibility capital programme allocation of £100m.

Also, subject to ongoing consultation:

b) The removal of the servery and provision of a re-planned 6th floor restaurant seating area as an interim measure to be revisited in phase 2 for a permanent solution.

- c) The relocation of ISD from level 3 between cores B and C to Wing A Level 3.
- d) The relocation of ISD media booths and Apple lab to Wing A Level 2.
- e) The potential relocation of the Student Union from Wing A Level 3 to Wing A Level 2.

59. INTERIM DEMENTIA RESEARCH INSTITUTE HUB FC 4-8 (16-17)

- 59.1 **Received:** The Committee received the Interim Dementia Research Institute Hub Business Case at FC 4-8 (16-17). This had been considered by the Estates Management Committee at its meeting on 14 June 2017 and was recommended to the Finance Committee for approval.
- 59.2 **Resolved:** The Committee approved capital funding of £18.2m for the Interim Dementia Research Institute Hub as set out at FC 4-8 (16-17).

60. PROJECT ORIEL FC 4-9 (16-17)

- 60.1 **Received:** The Committee received the report on Project Oriel at FC 4-9 (16-17). On the recommendation of the Estates Management Committee, Finance Committee was being asked to provide conditional approval for Moorfields Eye Charity to secure an option on two acres at the St Pancras Hospital site on behalf of UCL and MEH, subject to the conditions outlined in the paper.
- 60.2 It was noted that a full business case would need to be developed for this project and submitted to the Finance Committee and Council for approval.
- 60.3 **Resolved:** The Committee noted the report on Project Oriel at FC 4-9 (16-17) and gave conditional approval for the next steps of the project, subject to the conditions outlined in the paper.

61. BENTHAM HOUSE FC 4-10 (16-17)

- 61.1 **Received:** The Committee received the Bentham House Business Case as set out at FC 4-10 (16-17). On the recommendation of the Estates Management Committee, Finance Committee was being asked to approve further funding of £2,380,000 in order to complete the redevelopment of Bentham House.
- 61.2 The Committee discussed the changes in scope and design development of the project since August 2016 that had led to the additional cost, as outlined in the business case. The Committee highlighted the need to learn lessons from the increased cost of this project so that it could feed into future capital projects.
- 61.3 The Committee approved further funding of £2,380,000 in order to complete the redevelopment of Bentham House as set out in the Business Case at FC 4-10 (16-17).

62. TORRINGTON PLACE RESTACK FC 4-11 (16-17)

- 62.1 **Received:** The Committee received the Torrington Place Restack proposal at FC-4-11 (16-17). This paper presented a summary of the changes in scope, benefits to be delivered and financial impact of the project. This had been considered by the Senior Management Team at its meeting on 17 May 2017 and was recommended to the Finance Committee for approval.
- 62.2 **Resolved:** The Committee approved the following as set out at FC 4-11 (16-17):

- a) The reconfiguration of the Ground Floor following the review with, and input from, the Vice-

Provost (Education and Student Affairs).

b) Additional funding of £4.78m (total expenditure of £10.19m) in order to deliver this critical project to a high standard in order to support the student experience.

c) The additional cost would be funded from the following sources to be agreed by the Capital Programme Sub Committee:

(i) Capital Programme level contingency

(ii) Revenue contribution from the teaching budget

(iii) Capital Programme contribution from the Sustainability budget line

63. STUDENTS' UNION BUDGET FC 4-12 (16-17)

63.1 **Received:** The Committee received the Students' Union Budget for 2017-18 as set out at FC 4-12 (16-17). This had been approved by the UCLU Trustee Board on 8 June 2017 and was recommended to the Finance Committee for approval.

63.2 The Committee noted the following headline points of the budget:

a) This was a breakeven budget for 2017-18, with a £2k surplus.

b) The Union's financial relationship with Watford Football Club had been changed, giving students better access to sports and realising significant savings.

63.3 **Resolved:** The Committee approved the Students' Union First Estimates for 2017-18, incorporating a grant from UCL of £2.94m comprised of £2.73m for UCLU and £225k in additional funding, due to the temporary closure of the Bloomsbury Theatre and loss of the Garage Theatre as set out at FC 4-12 (16-17).

64. HEFCE SUMMARY STATISTICS ON FINANCIAL RESULTS FC 4-13 (16-17)

64.1 **Received:** The Committee received and noted the HEFCE Summary Statistics on Financial Results at FC 4-13 (16-17).

65. DEBT WRITE OFF FC 4-14 (16-17)

65.1 **Received:** The Committee received the Debt Write Off report at FC 4-15 (16-17). In line with section 9.5 of UCL's Financial Regulations, this paper set out all proposed debt write-offs in excess of £10,000 for consideration and prior approval by the Finance Committee.

65.2 **Resolved:** The Committee approved the report on Debt Write Off at FC 4-15 (16-17).

66. MINUTES OF THE INVESTMENTS COMMITTEE HELD ON 28 FEBRUARY 2017 AND 21 APRIL 2017 FC 4-15a&b (16-17)

66.1 **Received:** The Committee received and noted the Minutes of the Investments Committee meetings held on 28 February 2017 and 21 April 2017 at FC 4-15a&b (16-17).

67. HEFCE GRANT ANNOUNCEMENT FC 4-16 (16-17)

67.1 **Received:** The Committee received and noted the HEFCE Grant Announcement for 2017-18 at FC 4-16 (16-17).

68. CHAIR'S ACTION **FC 4-17 (16-17)**

68.1 **Received:** The Committee received and noted the report on Chair's Action taken since the last meeting of the Finance Committee at FC 4-17 (16-17).

69. CONSTITUTION AND MEMBERSHIP OF THE FINANCE COMMITTEE FOR 2017-18 **FC 4-18 (16-17)**

69.1 **Received:** The Committee received and noted the Constitution and Membership of the Finance Committee for 2017-18 at 4-18 (16-17).

70. DATES OF MEETINGS OF THE FINANCE COMMITTEE IN 2017-18 **FC 4-19 (16-17)**

70.1 **Received:** The Committee received and noted the dates of meetings of the Finance Committee in 2017-18 at FC 4-19 (16-17).

71. CAPITAL PROGRAMME DASHBOARD **FC 4-20 (16-17)**

71.1 **Received:** The Committee received and noted the Capital Programme Dashboard at FC 4-20 (16-17).

72. ANY OTHER BUSINESS

72.1 The Chair thanked the following members of the Finance Committee for their helpful contribution to the work of the Committee. Their membership of the Committee would finish this term and this was their last meeting:

Professor Stephanie Bird

Dr Gill Samuels

Professor Alan Smith

Mr Richard Smothers

Dr Marguerite Nolan,
Secretary to Finance Committee,
m.nolan@ucl.ac.uk