



Finance Committee

30 March 2021, 13:00pm

Minutes

Present Members:

Ms Sarah Whitney (Chair); Mr Mintoo Bhandari; Professor Lucie Clapp; Dr Alun Coker; Dr Andrew Gould; Professor Patrick Haggard; Ms Carol Paige; Dr Michael Spence AC; Baroness Valentine.

In attendance:

For Minutes 56-70: Ms Elizabeth Francis, Director Financial Planning and Analysis

For Minutes 56-70: Mr Phil Harding, Director of Finance and Business Affairs

For Minutes 56-70: Ms Kate Pearce, Finance Director, Central & Professional Services

For Minutes 56-70: Ms Fiona Ryland, Chief Operating Officer

For Minutes 56-70: Mr Matthew Swales, Director of Finance, Services and Reporting

For Minute 62: Professor Dame Hazel Genn, Vice-Provost (International & Advancement)

For Minute 62: Mr Martin Wedlake, Deputy Director of Strategy and Operations (OVPA)

For Minute 63: Mr Deepan Banati, BEAMS Head of Finance

For Minute 63: 63.1. Professor Bert de Reyck, Director of UCL School of Management

For Minute 63: Miss Susan Martin, Director of Online Programmes

For Minute 63: Professor Nobert Pachler, Pro-Vice-Provost (Digital Education)

For Minute 65: Ms Natasha Lewis, Director of Legal Services

For Minute 65: Ms Sam Mardell, Strategic Partnership Manager AHRI/UCL

For Minute 66: Mr Kevin Argent, Director of Estates Development

For Minute 69: Mr Philip Sturrock, Council Member and ex-Treasurer

Officer(s):

Ms Wendy Appleby, Secretary to Council

Mr Douglas Bertram, Governance Officer

Ms Sarah West, Committee Secretary

Part I: Preliminary Business.

56. Welcome and Operation of the Meeting

- 56.1. As a result of the Covid-19 pandemic, it was not possible to convene a meeting in person of Finance Committee. Therefore, members of Finance Committee were participating in a video conference, using tools that enabled all members to see and hear each other simultaneously. Chair's action would be used after the meeting to ratify the decisions.

57. Declarations of Interest

- 57.1. No declarations of interest were declared.

58. Minutes of the meeting held on 26 January 2021 and 15 March 2021 (5-01)

- 58.1. Finance Committee approved the minutes of the meeting held on 26 January 2021 and 15 March 2021.

59. Matters Arising

- 59.1. Exempt from publication, please see confidential minutes.
- 59.2. Exempt from publication, please see confidential minutes.
- 59.3. Exempt from publication, please see confidential minutes.

Part II: Strategic Items for Discussion

60. Confidential: Financial Update – Forecast 1 2020/21 and First Cut Budget 2021/22 (5-02)

- 60.1. Exempt from publication, please see confidential minutes.
- 60.2. Exempt from publication, please see confidential minutes.
- 60.3. Exempt from publication, please see confidential minutes.

61. Confidential: Title of Item Withheld (5-03a-d)

- 61.1. Exempt from publication, please see confidential minutes.

61.2. Exempt from publication, please see confidential minutes.

61.3. Exempt from publication, please see confidential minutes.

61.4. Exempt from publication, please see confidential minutes.

62. Confidential: Campaign Update from OVPA (5-04)

62.1. Exempt from publication, please see confidential minutes.

62.2. Exempt from publication, please see confidential minutes.

62.3. Exempt from publication, please see confidential minutes.

63. Paper on expansion of School of Management and 2U (5-05)

63.1. Exempt from publication, please see confidential minutes.

63.2. Exempt from publication, please see confidential minutes.

63.3. Exempt from publication, please see confidential minutes.

64. USS Pension (5-06)

64.1. Mr Phil Harding, Director of Finance & Business Affairs, presented a paper that explained that the USS had announced the total aggregate contribution rates they were proposing to set for the provision of current benefits upon the conclusion of the current valuation. The rates were based on 3 alternative scenarios for the level of additional covenant support that employers may be prepared to offer. They ranged between 56.2% and 42.1%, compared to the current rate of 30.7%, which was due to rise to 34.7% from October 2021. The following key points were made during the presentation:

- a. The USS would open a consultation with employers from 7 April to 24 May 2021. The consultation would consist of four questions: our position on supporting the covenant; an acceptable contribution rate; appropriate future benefit levels; how to respond to opt outs.
- b. A credible solution was possible but would involve compromise from all parties.

64.2. During the discussion the following points were raised:

- a. In addition to concern about the affordability of the proposed changes, Finance Committee members raised concerns about two additional elements: the proposal to monitor indebtedness in the sector and require any member who takes on new secured debt to offer the same security to the USS as to the lenders; and the introduction of 12-year rolling moratorium on leaving the scheme. The Director of Finance & Business

Affairs reassured the members that UCL would not be affected by the first point as it did not take on secured debt.

- b. In response to a question about whether the scenarios took onboard the opinion of the Joint Expert Panel Committee (JEP), the Director of Finance & Business Affairs confirmed that UUK had written to the Trustees to challenge aspects of the valuation and noting where it deviated from the findings of JEP.
- c. In response to a question about opt-out rates the Director of Finance & Business Affairs informed Finance Committee that the historical opt-out rate was around 10%, which was comparable with pension schemes nationally. However, the figure was now between 15 and 20%. A significant proportion of the opt-outs at UCL were either due to staff who planned to leave the UK or were on fixed-term contract, or because staff could not afford the payments.
- d. A number of Finance Committee members questioned whether the Trustees had used overly pessimistic assumptions in their calculations. The Director of Finance & Business Affairs confirmed that trustees were obliged by law to be prudent in their assumptions.
- e. A Finance Committee member asked if there were any alternatives to negotiating on the USS proposals, but it was confirmed that the only alternative would be to exit the scheme which would require of the order of £300m to cover UCL's commitments.
- f. The President and Provost noted that a series of complex conversations would need to take place with staff and to ensure that these were meaningful a consultant would be engaged to run information sessions across UCL to explain how pension funds work.

64.3. Finance Committee noted the paper.

65. Confidential: South African Branch of UCL/AHRI Strategic Partnership Manager (5-07)

65.1. Exempt from publication, please see confidential minutes.

65.2. Exempt from publication, please see confidential minutes.

65.3. Exempt from publication, please see confidential minutes.

66. Confidential: Use of Interim Capital Fund (5-08)

66.1. Exempt from publication, please see confidential minutes.

66.2. Exempt from publication, please see confidential minutes.

66.3. Exempt from publication, please see confidential minutes.

Part III: Other Business for Approval or Information

67. Banking Matters (5-09)

- 67.1. Finance Committee approved the request to amend the Authorised Signatories Lists for: Royal London Asset Management; BlackRock; and Bank of China.

68. Self-Review (5-10)

- 68.1. Finance Committee:
- a. Considered and approved the formal responses to the self-review questions.
 - b. Noted that actions were being taking forward following the formal governance review and a more detailed review of Finance Committee would take place later in the year.

69. Farewell to the Director of Finance and Business Affairs

- 69.1. Finance Committee expressed their thanks and good wishes to the Director of Finance and Business Affairs, ahead of his departure from UCL.

70. Date of the Next Meeting

- 70.1. The next meeting of Finance Committee was due to take place on 6 May 2021 at 09.00am.

Sarah West
April 2021