



Finance Committee

Held on Friday 31 January 2020 from 10.00 a.m. to 12.30 p.m. in the Council Room,
South Wing G12, Gower Street, London, WC1E 6BT

Minutes

Present Members:

Baroness Jo Valentine (Chair)
Professor Michael Arthur
Mr Minto Bhandari
Dr Andrew Gould
Professor Patrick Haggard

Attendees:

Mr Kevin Argent, Deputy Director of Estates (for item 11)
Dr Celia Caulcott, Vice-Provost, Enterprise
Ms Helen Fisher, Operations Lead, UCL East (for item 11)
Ms Francesca Fryer, Director of UCL Estates (for items 8, 9 & 10)
Mr Phil Harding, Director of Finance and Business Affairs
Ms Kate Higham, Programme Manager, UCL East (for item 11)
Mr David Hunter, Chairman of UCLB (for item 5)
Dr Anne Lane, Chief Executive Officer of UCLB (for item 5)
Professor Paola Lettieri, Academic Director, UCL East Campus (for item 11)
Ms Carol Paige, Student Observer
Ms Fiona Ryland, Chief Operating Officer
Mr Matthew Swales, Director of Finance, Services and Reporting
Mr Graham Willard, Senior Finance Analyst, TRAC (for item 4)

Apologies:

Professor Lucie Clapp
Ms Sarah Whitney

Officer:

Dr Marguerite Nolan, Governance Officer and Committee Secretary

Professor Andrew Gould arrived to the meeting at 10.20 a.m. and Mr Minto Bhandari joined the meeting at 11.10 a.m. The Committee waited until Professor Gould arrived, at which point it became quorate with four members present, before approving any items. The meeting was quorate for each item that the Committee approved.

Part I: Preliminary Formal Business

1. Welcome, apologies and declaration of interests

- 1.1. The Chair welcomed members to the meeting. Apologies were reported as noted above.
- 1.2. Professor Patrick Haggard advised that his latest interests as included in the Register of Interests of UCL Council members were as follows:

Membership of governing bodies or other public bodies:

Fellow of Max Planck Society

Member of Scientific Advisory Board, University of Vienna

Member of Stakeholder Board, EU Flagship Human Brain Project

Trustee and Honorary Treasurer of Experimental Psychology Society

Additional employments:

Visiting Professorship Paris-Saclay University (1st January 2020 - 31st December 2020)

2. Minutes of the previous meeting held on 6 November 2019

- 2.1. **Approved:** The Committee approved the minutes of the last meeting of the Finance Committee held on 6 November 2019.

3. Matters arising from the Minutes

- 3.1. There were no matters arising from the minutes of the last meeting.

Part II: Items for Discussion

4. UCL TRAC Return 2018-19 (Paper FC 3-1, 2019-20)

- 4.1. **Considered:** The Committee considered the annual Transparent Approach to Costing (TRAC) return. This had been prepared in accordance with the governance required by the Office for Students (OfS), the recipient of the return. A commentary was provided which highlighted the main elements of the return, together with an overview providing additional information on TRAC. This had been approved by the Full Economic Costing Steering Group, the overview body for TRAC at UCL, on 8 January 2020 and was recommended to the Finance Committee for approval.
- 4.2. The Committee discussed the Post Graduate Research (PGR) recovery rate which remained suppressed. It was noted that this was a sector-wide issue but that work was ongoing to improve the UCL PGR recovery rate. The Committee

noted that the Industry/Other percentage recovery rate had reduced significantly since the last year. It was reported that UK Industry represented less than 25% of this category's portfolio. The balance was from lower recovery organisations. It was agreed to submit a paper to the next meeting of the Finance Committee on the PGR and Industry/Other recovery rates and how these were being addressed.

4.3. A question was asked about how the TRAC data was used to inform strategy at UCL. The Director of Finance and Business Affairs provided feedback on how the data was used which included setting rates for research activity.

4.4. **Resolved:** The following was agreed:

- a. The Committee approved the UCL TRAC Return 2018-19, as set out in Paper FC 3-1, 2019-20, for submission to the Office for Students (OfS).
- b. It was agreed to provide a paper for the next meeting of the Finance Committee to explain the driving forces behind the Post Graduate Research and Industry/Other recovery rates and on action being taken to address these areas.

5. **Annual Review of Financial Plans and Performance of UCL Business (UCLB) (Paper FC 3-2, 2019-20)**

Exempt from publication

6. **UCL Financial Update - Forecast 1 (Paper FC 3-3, 2019-20)**

6.1. **Considered:** The Committee considered the Financial Update Forecast 1 report. The total forecast surplus for the 2019-20 financial year before exceptionals was £57.2m against a budget of £72.2m. This represented a shortfall of £15m with a corresponding reduction in UCL's surplus as a percentage of income to 3.7% versus a budgeted 4.6%.

6.2. The Committee discussed the reasons for the shortfall and feedback was provided by the Director of Finance and Business affairs. It was noted that the balance of the £15m shortfall, excluding the USS pension/interest movement, TOPS and exceptional items, was driven from an adverse £6.2m variance within Professional Services / Vice-Provosts Offices from additional staff and legal costs plus unbudgeted Information Services Division and Estates costs, including the alignment of Terms and Conditions £2m and additional property costs £2m. The corporate costs adverse variance of £4m was due to a £1.7m decrease in the proportion of EIB loan interest that UCL expected to capitalise, the release of the £0.9m institutional improvement target plus a £1m increase in credit card charges over budget.

- 6.3. The Committee expressed concern that the forecast was so far under budget and asked what was being done to address this. Feedback was provided by the Director of Finance and Business Affairs. It was noted that work was being done to get back to nearer the surplus target and the final outcome for the current financial year was likely to be closer to the target. Work was currently being undertaken by the Senior Management Team to address the challenge of financial sustainability. This would be considered as part of item 8 on this agenda: UCL Financial Planning Round 2020-23.
- 6.4. **Resolved:** The Committee noted the Financial Update - Forecast 1 (Paper FC 3-3, 2019-20).
7. **UCL Financial Planning Round 2020-23 (Paper FC 3-4, 2019-20)**
Exempt from publication
8. **Residential Strategy Progress Update - oral update**
Exempt from publication
9. **Estates Strategy (Paper FC 3-5, 2019-20)**
Exempt from publication
10. **Interim Capital Plan Funding Request (Paper FC 3-6, 2019-20)**
Exempt from publication
11. **UCL East Update (Paper FC 3-7, 2019-20)**
Exempt from publication
12. **My HR Project (Paper FC 3-8, 2019-20)**
Exempt from Publication
13. **Update on Tuition Fees for 2021-22 (Paper FC 3-9, 2019-20)**
- 13.1. **Considered:** The Committee considered the update on Tuition Fees for 2021-22. This paper set out the proposed approach to the setting of tuition fees across unregulated programmes for UK, EU and overseas students in the academic year 2021-22. This was based on the ongoing work of UCL's Tuition Fee Working Group. Chaired by the Vice-Provost (Education & Student Affairs). The Tuition Fee Working Group had been established by the Senior Management Team (SMT) to consider options for a more strategic approach to setting unregulated tuition fees as outlined in the paper.

- 13.2. It was noted that the government had confirmed that EU students starting in the autumn term 2020 would be charged the same tuition fees as English students and that their access to support would be unchanged. This status would last for the duration of their degree courses. UCL currently assumed that UK UG fees would remain at £9,250 for 2021-22, although this was by no means a foregone conclusion given the political pressures in this area and the recent formation of a new government.
- 13.3. Feedback was sought as to whether the increase of PGT fees above inflation was having any impact on diversity. It was agreed to follow up this question with the Tuition Fee Working Group and report back to the Committee.
- 13.4. **Resolved:** The following was agreed:
- a. The Committee noted the ongoing work of the Tuition Fee Working Group, which would drive the final and more detailed proposals to the Finance Committee on 24 June 2020 as set out in Paper FC 3-9, 2019-20.
 - b. Feedback would be provided to the Committee on whether increasing the PGT fees above inflation was having any impact on diversity.

Part III: Other Business for Approval or Information

14. OfS Compliance: Approval of Materiality Levels for Financial Reportable Events (Paper FC 3-10, 2019-20)

- 14.1. **Received:** The Committee received the OfS Compliance: Approval of Materiality Levels for Financial Reportable Events paper.
- 14.2. **Resolved:** The Committee noted the Reportable Events listed in Annex A relating to the conditions of regulation and approved the proposed materiality levels for definitional purposes.

15. Amendment to Financial Regulations (Paper FC 3-11, 2019-20)

- 15.1. **Received:** The Committee received the proposed Amendment to Institutional Authorisation for Sponsored Research Proposals and Related Contracts. Finance Committee was being asked to recommend to Council for approval the recommendations set out in this paper to amend institutional authorisations for sponsored research proposals pending a more detailed examination of the wider financial regulations. This included:

- a. To amend delegation authorities for research contracts from the Director Research Services to the Chief Operating Officer, who may sub-delegate as appropriate.
 - b. To agree to the new authorisations as set out in Table 1 of the paper.
- 15.2. The Committee discussed and noted the need to coach those to whom delegated powers were being given including guidance on any potential conflict of interests.
- 15.3. **Resolved:** The Committee recommended the amendments proposed in the paper to Council for approval at its next meeting on 14 February 2020.
- 16. Minutes of the Investments Committee held on 21 November 2019 (Paper FC 3-12, 2019-20)**

Exempt from publication
- 17. Action taken by the Chair of the Finance Committee since the last meeting (Paper FC 3-13, 2019-20)**
 - 17.1. **Received:** The Committee received and noted the report on action taken by the Chair of the Finance Committee since the last meeting.
- 18. Finance Committee Business Plan for 2019-20 (Paper FC 3-14, 2019-20)**
 - 18.1. **Received:** The Committee received and noted the Finance Committee Business Plan for 2019-20.
 - 18.2. It was requested that a critical path be added to the business plan to provide a contextual overview of the strategic items considered by the Finance Committee and in particular approvals relating to the capital plan.
- 19. Date of next meeting of the Finance Committee**
 - 19.1. **Noted:** That the next meeting of the Finance Committee would be held on Thursday 14 May 2020 from 10.30 a.m. to 1.00 p.m.
- 20. Any other business**
 - 20.1. There was no other business discussed.