



## FINANCE COMMITTEE

26 March 2013

### MINUTES

*PRESENT:*

*Professor Alan Thompson*  
*Sir Stephen ~~W~~*

*Dr Andrea Townsend Nicholson*  
*Professor Jonathan ~~W~~*

*In attendance:* Ms Nicola Arnold (Director, Financial Control and Analysis); Mr Andrew Grainger (Director of UCL Estates); Mr Phil Harding (Director of Finance and Business Affairs); Miss Valerie Hogg (Director, Financial Planning and Strategy); Mr Rex Knight (Vice-Provost (Operations)); Mr Nick McGhee (Secretary to Finance Committee).

***Additional attendees:*** Professor Stephen Caddick (for Minute 55), Mr Jack Foster (for Minute 72), Mr Adam Harman (for Minute 72).

Apologies were received from Mr Ven Balakrishnan and Dr Bob Barber.

<p style="text-align: center;"><b>Preliminary Formal Business</b></p>
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**51 DECLARATION OF INTERESTS**

***Discussion***

- 51.1 Any member of 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. No such interests were declared.

**52 MINUTES**

***Approved***

- 52.1 The Minutes of the meeting held on 24 January 2013 [*FC Minutes 33-50, 2012-13*] were confirmed by the Committee and signed by the Chair.

**53 MATTERS ARISING FROM THE MINUTES**

***Received***

- 53.1 APPENDIX FC 4/

<b>Matters for discussion</b>
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54 **FINANCIAL UPDATE**

*Received*

54.1 APPENDIX FC 4/47 (12-13) – the Financial Update (March 2013).

54.2 An oral report from Phil Harding, Director of Finance and Business Affairs.

*Reported*

54.3 The format of the Financial Update

**Discussion**

54.6 The reasons for the gap between the current projected surplus of £10m, and the 'target' surplus of £19m, were discussed. The Director of FBA was minded to introduce an element of 'ranged' forecasts in future. It was suggested that it would be useful to include in future reports additional detail on the proposed actions to be taken in order to achieve such targets.

54.7 The 'other' column in the Reserves Analysis on p14 of the document consisted of non-core income such as consultancy, CPD, and private patient work. In academic areas such reserves were ring-fenced and could be carried forward for up to three years. Such reserves gave Schools the flexibility to avoid incurring unnecessary additional short-term expenditure. The Director of FBA noted that further work was required in respect of development of a reserves policy.

54.8 FC discussed the staffing level data presented in the annexe to the report. Professional Services staffing levels were benchmarked against the Russell Group; the rolling requirement for a 1% annual reduction in budgets was also noted. The Chair requested for a future meeting a report setting out an explanation of the staffing levels in ISD and one other area of Professional Services, differentiating between 'overhead' staffing and direct academic support, so that FC members may develop a more detailed understanding in this area.

55 **CONSULTANCY AT UCL**

*[Professor Stephen Caddick (Vice-Provost (Enterprise)) was in attendance for this item.]*

**Received**

55.1 APPENDIX FC 4/49 (12-13) – a paper providing an overview of consultancy activity at UCL.

55.2 An oral report from Professor Stephen Caddick, Vice-Provost (Enterprise).

**Reported**

55.3 UCL permitted an allowance of 40 days per annum for academic staff to pursue consultancy activities, either privately or through UCL Consultants. Such activities were seen as an important first step in developing relations with external organisations. The arrangements helped to ensure that appropriate opportunities were provided to academic staff, and as such had an important impact on retention. They also brought financial benefit to UCL through the mechanism

of REF impact metrics. Only those activities carried out through UCL Consultants could be recorded.

**Discussion**

- 55.4 FC discussed the comparative data for institutions across the sector, noting that there was likely to be significant variation in the methodology used to record such income. The declaration of consultancy income across the sector was approximately £300m.
- 55.5 The standard academic contract did not specify the length of the working day and there was no requirement on staff to report their working hours. It was not a straightforward matter therefore to demarcate private consultancy from working life, and although there were steps that could be taken to improve the recording of data in this area if there were sufficient appetite for this, it was UCL's approach to seek first to make the support provided by UCL Consultants sufficiently attractive to encourage more staff to undertake consultancy work via this route.
- 55.6 FC noted that IP arising from consultancy activity was claimed by UCL, whatever mechanism was used for managing that activity. It was also noted that contributions to discretionary funds were made from consultancy work.

**56 IMPACT OF CHANGES IN HIGHER EDUCATION FUNDING**

**Received**

- 56.1 APPENDIX FC 4/50 (12-13) – an assessment of the impact of recent changes to the HE funding regime on UCL.

**Reported**

- 56.2 UCL's modelling at the time of setting the £9,000 home undergraduate fee had indicated that a fee of approximately £8,500 would be needed to cover the loss in HEFCE teaching and capital funding, although a number of significant aspects of the arrangements remained to be confirmed at that time. In light of the clarification of the funding arrangements since March 2011 the current estimate was that the break-even undergraduate fee was £8,345, but FC noted that further changes in the funding regime were anticipated. FC noted the vital role of this income in providing the means to invest in the student experience, as well as the Government's decision not to inflate the maximum £9,000 fee through to 2014-15 and possibly beyond.

57 **HALLS OF RESIDENCE REVIEW**

***Received***

- 57.1 APPENDIX FC 4/52 (12-13) – a review of UCL’s Halls of Residence.

***Discussion***

- 57.2 The Chair proposed that discussion of the paper be held over to the meeting of 19 June 2013. It was suggested that it would be useful to have an indication at that stage of the scale of the implicit subsidy to the residential accommodation owned by UCL.

<p style="text-align: center;"><b>Matters for approval or information</b></p>
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58 **ABACUS PROJECT**

***Received***

- 58.1 APPENDIX FC 4/53 (12-13) – an update on the ABACUS programme, including a proposal to increase the original project budget.

***RESOLVED***

- 58.2 **That Finance Committee approve the revised scope and budget for the project as outlined in APPENDIX FC 4/52 (12-13).**

59 **ESTATE AND FUNDING STRATEGY UPDATE**

*[FC Minute 41, 2012-13]*

***Received***

- 59.1 APPENDIX FC 4/54 (12-13) – an update on the development of an integrated Estate and Funding Strategy.

60 **HEFCE GRANT ANNOUNCEMENT**

***Received***

- 60.1 APPENDIX FC 4/55 (12-13) – details of the HEFCE adjusted recurrent grant to UCL for 2012-13 plus the initial recurrent grant for 2013-14.



Institute of Ophthalmology to a site on King's Cross, together with the Moorfields Eye Hospital.

**RESOLVED (on the recommendation of Estates Management Committee)**

63.2           **That Finance Committee approve expenditure to proceed with developing a business case for the relocation of the**

64   **PHYSICS BUILDING REFURBISHMENT**

*Received*

64.1           APPENDIX FC 4/59 (12-13) – a proposal to refurbish two laboratories in the Physics Building on a budget of £2.1m.

**RESOLVED (on the recommendation of Estates Management Committee)**

64.2           **That Finance Committee approve the option 4 proposal at APPENDIX FC 4/59 (12-13) to refurbish the space at a budget of £2.1m.**

65   **DARWIN BUILDING REFURBISHMENT**

*Received*



67    **170 TOTTENHAM COURT ROAD    INSTITUTE OF C 0 1 oCOURT ROAD**