



## COUNCIL

Thursday 27 November 2014

## MINUTES

### *PRESENT:*

Dame DeAnne Julius (*Chair*)

Professor Michael Arthur  
(*President and Provost*)

Lord Clement-Jones

Dr Martin Fry

Mr Omar Khan

Mr Simon Melliss (*Treasurer*)

Ms Vivienne Parry

Baroness Valentine

Professor David Attwell

Mr Ven Balakrishnan

Professor David Coen

Dr John Hurst

Mr Lukmaan Kolia

Ms Lindsay Nicholson

Dr Gill Samuels

*In attendance:* Dame Nicola Brewer (Vice-Provost (International)); Professor Stephen Caddick (Vice-Provost (Enterprise and London)); Mr Phil Harding (Director of Finance and Business Affairs); Mr Rex Knight (Vice-Provost (Operations)); Mr Nick McGhee (Acting Secretary to Council); Professor Anthony Smith (Vice-Provost (Education and Student Affairs)).

Apologies for absence were received from: Ms Nahid Majid, Dr Saladin Meckled-Garcia, Professor David Price, Professor Sir John Tooke, Professor Nick Tyler, Baroness Warwick.

*Key to abbreviations used in these Minutes:*

EIRC	Ethical Investment Review Committee
HEFCE	Higher Education Funding Council for England
IOE	Institute of Education
NSS	National Student Survey
REF	Research Excellence Framework
UCLB	UCL Business
UCU	University and College Union

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

20.1           No interests were declared.

21     **MINUTES**

21.1           **Approved:** the Minutes of the Council meeting held on 20 October 2014 [*Council Minutes 1-19, 2014-15*], confirmed by Council and signed by the Chair.

22     **MATTERS ARISING FROM THE MINUTES**

*[see also Minutes 23 and 27 below]*

22.1           The Chair reported on feedback from members following the recent circulation of a questionnaire [*Council Minute 5.2, 2014-15*]:

- meetings would henceforth be scheduled for 3-6pm, and would be held in the South Wing Council Room;
- a wider variety of post-meeting events would be arranged. For the remainder of the current session these would be as follows: external members' session with the Provost (27 November and 21 May); buffet dinner (10 February); Chair of Council's dinner (9 July);
- members had differing preferences regarding the hard copy circulation of 'for information' papers not scheduled for discussion. The Acting Secretary would arrange for individual members to receive papers in their preferred format;
- a majority of members had expressed an interest in attending a tutorial on UCL finances. The Director of Finance and Business Affairs would arrange an event in due course.

<b>Matters for discussion</b>
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**23 PROVOST'S BUSINESS**

**23A Institute of Education**

23A.1 As required under the terms of its charter, the IoE Council had reconfirmed at a meeting on 25 November its resolution to approve the proposed merger, which would consequently proceed with effect from 2 December 2014. The Provost paid tribute to the leadership of the IoE in taking this historic decision.

**23B USS Pensions**

23B.1 In light of an agreement to recommence negotiations, the UCU had announced a suspension of all industrial action, effective 20 November, in relation to its dispute over the Universities Superannuation Scheme (USS).

**23C REF 2014**

23C.1 Details of UCL's performance in the REF 2014 were expected on 16<sup>th</sup> December, with comparative data against the sector following on 17<sup>th</sup> December, embargoed to 18<sup>th</sup>. It was intended that a report would be circulated to Council members at that time.

**23D Counter-Terrorism and Security Bill**

23D.1 The Home Secretary had recently announced plans for a Counter-Terrorism and Security Bill that would introduce a UK-wide statutory duty for universities and other public bodies to have due regard to the need to prevent people from being drawn into terrorism. The sector was being consulted on the detail of the proposals. The Provost noted the existing legal obligation under the Higher Education Act 1986 that universities protect freedom of speech on campus.

**23E Appointment of Vice-Provost (Health)**

23E.1 The Provost was pleased to announce the appointment with effect from 1 August 2015 of Professor David Lomas, Dean of the Faculty of Medical Sciences, as Vice-Provost (Health), in succession to Professor Sir John Tooke.

**23F UCL and the fossil fuels sector**

23F.1 The Provost reported on two related issues: (1) the campaign by Fossil Free UCL, which proposed that UCL disinvest from the fossil fuels sector; and (2) the acceptance by UCL of philanthropic donations from two companies in this sector [*Council Minute 10A, 2014-15*].

- 23F.2 Although UCL's Investment Policy<sup>1</sup> stated that 'UCL will not exclude investment in sectors from which it accepts funding for research', the procedure established by Council provided a mechanism for members of the UCL community to submit proposals for disinvestment from individual stocks to the Ethical Investment Review Committee (EIRC). The EIRC would be considering 17 proposals in respect of investments in the sector and would make its recommendations to the Investments Committee in due course
- 23F.3 Any renewal of philanthropic funding was subject to appropriate due diligence processes in accordance with UCL's standard gift acceptance procedure. The Provost noted that the relationship between the Gift Acceptance Committee, the Ethics Committee, the Ethical Investment Review Committee and Council would be re-examined with a view to clarifying this as necessary.

## 24 FINANCIAL AND AUDIT MATTERS

### 24A **Audit Committee annual report** *[APPENDIX C 2/13 (14-15) (revised)]*

- 24A.1 **Received** (tabled at the meeting) – the final version of the Audit Committee annual report 2013-14, confirmed by the committee at its meeting on 25 November.
- 24A.2 The Chair of the Audit Committee, Lord Clement-Jones, confirmed the committee's satisfaction with the adequacy and effectiveness of UCL's internal control systems for the year ending 31 July 2014. The internal auditors had given an unqualified opinion that UCL had satisfactory arrangements in order to provide assurance to Council over the effectiveness and adequacy of the risk management, control and governance processes, and adequate arrangements to promote economy, efficiency and effectiveness.
- 24A.3 Noting that a new four-tier traffic light system (green / amber green / amber red / red) would be introduced into the Internal Audit report with effect from 2014-15, Council members requested that a brief explanation of the background to any red or amber red assurance ratings be included.
- 24A.4 Council noted the Audit Committee's work in encouraging the development of a culture of continuous improvement and efficiency to achieve Value for Money. Members discussed the £17.2m total purchasing savings identified in the Value for Money report. Although the methodology by which this was calculated was open to debate, it was noted that it was standard practice across the sector. Council also discussed the adequacy of the graduate employment data and the causes of the sharp fall in the proportion of impactable spend influenced by the procurement function.

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<sup>1</sup> [http://www.ucl.ac.uk/finance/finance\\_docs/investment\\_policy.htm](http://www.ucl.ac.uk/finance/finance_docs/investment_policy.htm)

- 24A.5 In respect of the amber rating for donations and endowments, the Provost noted his intention that the relationship between Council and the Gift Acceptance Committee be reviewed [see Minute 23F above].
- 24A.6 Lord Clement-Jones recorded his thanks to the members of the Audit Committee, and to the Director of Finance and Business Affairs and the Vice-Provost (Operations) for their contribution to the process.

**RESOLVED** – on the recommendation of the Audit Committee:

- 24A.7 **That the Audit Committee annual report 2013-14 be approved.**

24B **Annual Financial Statements and HEFCE Return**  
[APPENDIX C 2/14 (14-15)]

- 24B.1 The external auditors had offered an unqualified opinion, with the management letter making two low-priority (level three) recommendations. An issue had arisen late in the auditing process in respect of guidance from the Institute of Chartered Accountants regarding distribution from subsidiary accounts. A donation from UCLB to UCL had been reversed as a result of this guidance, although this would not have an impact on the consolidated accounts. The issue was reflected in a note on contingent liability on page 66.
- 24B.2 Council members raised a number of queries relating to: the valuation and expectation of associated companies and joint ventures (page 46); positive trends in research and industrial funding; the anticipated impact of changes to the accounting treatment of pension deficits, and UCL's comparatively poor performance on surplus after depreciation and before tax. The Provost noted a split within the sector between the Russell Group, which had lower surpluses, and other institutions with generally higher surpluses. This reflected the changing nature of research funding.

**RESOLVED** – on the recommendation of Finance Committee:

- 24B.3 **That Council approve the audited Financial Statements for the year 2013-14.**

24C **Annual Sustainability Assurance Report**  
[APPENDIX C 2/15 (14-15)]

- 24C.1 Following discussion at the Finance Committee meeting on 20 November, a number of changes would be made to the report before it was submitted to HEFCE. These included the incorporation of a sentence reflecting UCL's recognition of the need to generate a substantially higher surplus for sustainability and investment. Annex 2, which was produced for internal purposes only, would be amended to indicate 'red' for discretionary reserves and 'amber' for staff costs as a proportion of income. In the latter case it was agreed that a target should be developed for the 2014-15 report based on comparison with other comprehensive, research-intensive institutions, rather than on the sector mean.

**RESOLVED** – on the recommendation of Finance Committee:

24C.2            **That the Annual Sustainability Assurance Report be approved, subject to the amendments noted above.**

25    **VICE PROVOST (EDUCATION AND STUDENT AFFAIRS) UPDATE**

[APPENDIX C 2/16 (14-15)]

- 25.1            **Received** – an update from Professor Anthony Smith, Vice-Provost (Education and Student Affairs).
- 25.2            Professor Smith summarised the report by saying that the student experience at UCL was in an improving position, with most indicators moving in the right direction, though in many cases with much further improvement still sought. Student recruitment for admission in September 2014 had been healthy and there were encouraging signs of improvement in student satisfaction levels, as well as a sense of gathering momentum behind UCL’s education agenda.
- 25.3            Undergraduate satisfaction data were drawn principally from the National Student Survey (NSS), and postgraduate data from the Student Barometer. The low response rate to the Student Barometer, typical for the sector, meant that data needed to be interpreted carefully.
- 25.4            Council was anxious to understand what remediation plans were in place in respect of examinations arrangements and careers advice. Members highlighted the importance of the examinations timetable to the student experience, and the predictable if non-trivial nature of the annual task.
- 25.5            Council noted that the data at subject level were vulnerable to the vagaries of a small sample size, and were sometimes at odds with written comments from students. Interpretation was further hampered by a mismatch between UCL departments or programmes and subject area codes. It was nevertheless clear that new leadership within a department had the potential to be transformative, and that seeking to increase the response rate and to engage students in finding solutions to identified problems were two of the more effective levers available to UCL.

**Matters for approval or information**

26 **CHAIR'S ACTION ON BEHALF OF COUNCIL**

[APPENDIX C 2/17 (14-15)]

- 26.1 **Received** – notification of action taken by the Chair on behalf of Council since the last report.

27 **REGULATIONS FOR MANAGEMENT – AMENDMENTS**

[APPENDIX C 2/18 (14-15)]

- 27.1 **Received** – proposals for the amendment of UCL Regulations for Management.

**RESOLVED**

- 27.2 **That Council approve the proposed changes to the Regulations for Management as set out at Annexe 1 to Appendix C 2/18 (14-15).**

28 **MEMBERSHIP OF UCL COMMITTEES**

[APPENDIX C 2/19 (14-15)]

- 28.1 **Received** – proposals for the appointment of members of Council and the Nominations Committee, and of the Council Secretary.
- 28.2 The Chair recorded her thanks to Mr McGhee for his work as Acting Secretary since March.

**RESOLVED** – on the recommendation of the Nominations Committee:

- 28.3 **That Mr Phillip Sturrock be appointed a member of Council for a term extending from 1 January 2015 to 30 September 2017;**
- 28.4 **That Mr Ven Balakrishnan, Lord Clement-Jones and Mr Simon Melliss be reappointed as members of Council for a second three-year term with effect from 1 October 2015.**

**RESOLVED** – on the recommendation of the Chair of Council:

- 28.5 **That Dr John Hurst and Ms Lindsay Nicholson be appointed to the Nominations Committee for a term extending from 1 December 2015 to 30 September 2017;**
- 28.6 **That Mr Simon Melliss be reappointed Treasurer of UCL for a second three-year term with effect from 1 October 2015;**
- 28.7 **That Ms Wendy Appleby (Registrar) be appointed Secretary to Council with effect from 1 January 2015.**

29 **UCLU Code of Practice and Financial Statements**

[APPENDIX C 2/20 (14-15)]

29.1 **Received** – the proposed UCL/UCLU Code of Practice (at Annexe 1), and the annual audited financial statements for the year ended 31 July 2014 (at Annexe 2).

29.2 Council noted that UCLU had incurred a sizeable financial deficit for the financial year 2013-14. It wished to reiterate that its approval of the Financial Statements was conditional on UCL's commitment to achieving a balanced budget in 2015-16. The Chair requested an update on the current year's final deficit when this was feasible.

**RESOLVED**

29.3 **That the UCLU Code of Practice be approved;**

29.4 **That the UCLU Financial Statements for the year ended 31 July 2014 be approved.**

30 **HEALTH AND SAFETY COMMITTEE: ANNUAL REPORT**

[APPENDIX C 2/23 (14-15)]

30.1 **Received** – the Health and Safety Committee annual report 2013-14, with the updated Health and Safety Policy.

Nick McGhee  
Acting Secretary to Council  
November 2014