



Estates Management Committee

Wednesday 21 October 2020, 10:00am

Video-conferencing meeting conducted via Microsoft Teams

Minutes

Present Members:

Professor Michael Arthur (Chair); Mr Kevin Argent; Dr Paul Ayris; Dr Matthew Blain; Mr Simon Cane; Dr Celia Caulcott; Professor Piet Eeckhout; Professor Mark Emberton; Professor Christoph Lindner; Ms Collette Lux; Mr Duncan Palmer; Professor Ivan Parkin; Professor David Price; Professor Sue Rogers; Ms Fiona Ryland; Mr Andy Smith; Professor Alan Thompson; Professor Nigel Titchener-Hooker; Ms Michelle Wein.

Apologies:

Ms Wendy Appleby; Professor Dame Hazel Genn; Mr Phil Harding; Professor Graham Hart; Professor Paola Lettieri; Professor David Lomas; Professor Geraint Rees; Professor Sasha Roseneil; Professor Anthony Smith.

In attendance:

Ms Clare Goudy, Chief of Staff to the President and Provost
Ms Kate Pearce, Finance Director (Academic)

Officer(s):

Ms Anne Marie O'Mullane (Committee Secretary)

Part I: Preliminary Business

1. EMC Terms of Reference, Constitution and Membership (1-01)

1.1. Estates Management Committee (EMC) noted its Terms of Reference, Constitution and Membership for the current academic year.

2. Minutes (1-02)

2.1. EMC approved the minutes of the meeting held on 17 July 2020.

Part II: Strategic Items for Discussion

3. Capital Programme Dashboard (1-03)

- 3.1. Mr Kevin Argent, Director of Estates Development introduced the paper, which set out an update on key projects within the Capital Programme. The following points were made during the presentation:
- a. The Institute of Neurology/Dementia Research Project had changed from “Green/Amber” to “Green”. The project had been un-paused by Estates Management Committee (EMC) at its meeting on the 8 July 2020.
 - b. UCL East remained “Green/Amber”. There was a six-week delay for Marchgate 1 due to Covid-19. This was considered to be remarkable given the period of shut-down. Pool Street West’s programme was running on time.
 - c. 1-19 Tottenham Place remained “Amber”. The final closing out of accounts was now taking place. There was an expected increase in the required budget, however, a disturbance claim had been lodged with HS2 and the compensation received was expected to cover the budget increase.
 - d. Eastman Dental Institute (EDI) Relocation had changed to “Green”. Works had completed at Rockefeller and EDI had taken up occupation. Negotiations on the final costing were due at the end of October 2020. Works recommenced on the Royal Free in August and final completion was reforecast to take place in mid to late November 2020. Frustrations persisted with the works to be completed by the Trust as Landlord. An audit would take place after completion on financial and project management reporting to the project sponsor.
 - e. IIT Pears had changed to “Red” due to an anticipated cost pressure associated with the project. There was a forecast overspend forecast of circa £650k which was anticipated to increase to circa £1.2m. The Project Board was seeking to mitigate these costs.
 - f. IOE Masterplan Phase II had changed to “Green/Amber”. It had been paused for two years, which had impacted on completion of critical fire alarm replacement works and associated asbestos remediation works. A paper would be drafted to request a re-start of the core infrastructure and compliance elements of the project.
 - g. A number of projects were close to completion or had completed recently. These included School of Management Expansion and 36 – 38 Gordon Square.
- 3.2. The following points were raised in discussion:
- a. The Estates Development Team were congratulated for their work on managing the Capital Programme and Interim Capital Fund including

completion of programmes taking place during this period of crisis owing to Covid-19.

- b. The team were also congratulated for returning money to the Capital Programme for projects with underspend.
- c. In response to a query on the anticipated cost pressure for EDI Relocation, Professor Emberton advised that the Vice-Provost Health was a member of the Royal Free London Foundation and was ensuring that messages around management of the project by the Trust were being filtered to leadership and to the estates team at the Trust. Committee members welcomed this development.

3.3. EMC received the Capital Programme Dashboard update.

4. Capital Programme Financial Summary (1-04)

- 4.1. Mr Kevin Argent, Director of Estates Development, introduced the paper, which set out and updated Capital Programme & Interim Capital Fund in light of recent project approvals and to summarise the position at the start of year 7. The following key points were made during the presentation:
 - a. The Capital Programme net value at the end of year 6, £1,242.5m, which exceeded the current funding envelope by £0.1m. The Interim Capital Fund net was £143.7 with £1.4m contingencies. The total unallocated net funds over both programmes was £49.9m.
 - b. In May 2020, the programme was paused for 2 years with the exception of projects on site and identified compliance/health and safety projects. Since then three projects have been restarted or approved to start.
 - c. The total underspends to the Capital Programme were £15.5m which factored in declared underspends and potential underspends. The total potential cost pressures were £2m. The total underspends for the interim Capital Fund was £1.4m and the potential cost pressure was £0.4m.
 - d. The £1,669m gross capital programme was funded from a number of sources including third parties to the value of £426.9m. To date £349.1m had been received or confirmed with £77.8 has not been received or remained to be identified.
 - e. Thought would be given on how the financials for the Capital Programme and Interim Capital Fund would be reported in future as the reporting had become more complex.
- 4.2. The following key points were made during discussion:
 - a. It would be important to make a concentrated effort to move out of expensive leased space into UCL owned spaces as well as the impact of Covid-19 on the way we worked in order that it filtered into the Estates Strategy appropriately. There was also a question on the strategic approach being taken to long term financing of these ambitions. It was confirmed that the Chair of Finance Committee had initiated discussions around the matter of long term-financing.

- b. In response to a query on when it would be appropriate to consider the restart of paused projects, particularly small works, the Finance Director (Academic) confirmed that further evidence of positive movements in UCL's finances would be required before consideration should be given to unpausing paused projects. The work of the Tactical Review Groups was invaluable for starting the conversations on which projects would be unpaused. It might be possible to consider unpausing Small Works in a month's time.
 - c. There was a query whether discussions around the funding model and future operating model should be linked together. It would be important that the spaces delivered in the next iteration of the Capital Programme be flexible and adaptable as possible to future ways of working, teaching and learning. The Director of Estates Development advised that there was an opportunity to consider this as part of the refresh of the Estates Strategy which would involve extensive consultation and would allow for the new President and Provost's input.
- 4.3. EMC noted the position of projects within the Capital Programme and the Interim Capital Fund and the forecasted cost savings and cost pressures as well as proposals for funding of cost pressures where such existed.

5. Capital Programme Tactical Update (1-05)

- 5.1. Mr Kevin Argent introduced the paper, which set out which the overall position of the Estates Capital Programme following the impact of Covid 19, and work completed to date by the Tactical Project Review Group in reviewing and establishing the movements since reporting to Finance Committee in June 2020 along with associated cashflow. The following key points were made during the presentation:
- a. The baseline total gross for the Capital Programme, Interim Capital Fund and contingency was £1.82bn; when the strategic maintenance programme was included it rose to £1.86bn.
 - b. Projects currently paused had been assessed utilising the Strategic Decision Framework scoring and analysis and had been scheduled accordingly, should further investment be established in the short term.
 - c. While the programme had been slowed due to Covid-19, there had been significant capital expenditure investment in 2019/20 of £209m. There would still be significant expenditure in future years.
 - d. An overview was provided of the financial forecasting for compliance projects. It was noted that significant funding would need to be sourced for the Bloomsbury Heating and Power Consortium works to progress the project.
 - e. In May 2020, EMC took the decision to pause 21 capital projects that had commenced or were in the pipeline. Since then three projects had been approved for restart. The Tactical Review Group had reviewed the remaining 17 projects against the strategic decisions framework and

details of the priority levels and rankings were provided. Project Oriel would require sensitivity analysis. EDH Plot 3 had scored low as it did not have a business case; however, opportunities would be lost if the basement level was not progressed at this stage. Approval to release small works was a priority including Emerald Street Media Lab.

- 5.2. The following key points were made during discussion:
- a. The work of the Tactical Review Group was welcomed, however, it was queried how the scores were converted into the prioritisation as it was not always clear. The dependencies of projects should also be set out clearly.
 - b. It was also questioned whether the pipeline of programmes also needed to be refreshed.
 - c. Eastman Dental Hospital (EDH) Plot 3 represented lost opportunities if not progressed and it would be important to understand sequencing, dependencies and cashflow for this project.
 - d. There was support for small works projects restarting as it would have a large return on investment and it was encouraged that the matter be progressed after the budget reset, finances permitting.
 - e. Students were currently being recruited to the BA media programme and the students expected the Emerald Street Media Lab project lab to be built. There was a risk of not being able to run the course if the lab was not built.
- 5.3. EMC:
- a. Noted the position of the Estates Capital Programme as of September 2020, noting projects un-paused in the period with revised cashflow projections. All remaining Projects not in contract continued to be paused and monitored.
 - b. Noted project prioritisation work completed and suggested paused projects priority groupings which would determine which projects could be released initially. Further analysis would be completed by Tactical Project Review Group on considering current scoring outcomes in the context of dependencies, sequencing and investment availability for recommendations to be made to CPSC and EMC.

6. Confidential: IIT Pears Budget Uplift (1-06)

- 6.1. Exempt from publication, please see confidential minute.
- 6.2. Exempt from publication, please see confidential minute.
- 6.3. Exempt from publication, please see confidential minute.

Part III: Other Business for Approval or Information

7. Date of the Next Meeting

- 7.1. The date of the next EMC meeting was scheduled to take place on Wednesday 13 January 2021 at 10:00am.

8. Vote of Thanks

- 8.1. This was the final meeting where Professor Arthur would Chair the Estates Management Committee meeting. EMC members expressed their immense gratitude for his leadership and support in developing and delivering the ambitious Capital Programme that had helped to transform UCL's estate fit for the twenty first century.

Anne Marie O'Mullane
November 2020