

FINANCE AND INVESTMENT COMMITTEE
26 September 2017

DRAFT UNCONFIRMED MINUTES

Present:

Simon Linnett (Chairman)
Luke Savage

Professor Colin Bailey
John Yard

David Russell

In attendance:

Laura Gibbs
Sian Marshall

Joanne Jones
Jonathan Morgan

Dr Nadine Lewycky
Mike Sheppard

Apologies:

Dr Véronique Bouchet

Part 1: Preliminary Items

Welcome and opening remarks

2017.001 The Chairman:

- [a] Welcomed Professor Colin Bailey, President and Principal, and Dr Nadine Lewycky, Governance Officer, to their first meetings of the Committee.
- [b] Said that Ted Webster had stepped down as a co-opted member of the Committee now that he was employed by QMUL.
- [c] Said that Joanne Jones, Finance Director, had become a member of the Queen Mary Senior Executive (QMSE). The President and Principal reported that this was one of a number of changes that he was making to the operation of QMSE, including the setting up of a sub-group to focus on financial matters.

Minutes and Executive Summary of Meeting on 06 June 2017 [FIC17/01]

2017.002 The Committee **confirmed** the non-confidential minutes and executive summary of the meeting held on 06 June 2017.

Matters arising [FIC17/02]

2017.003 The Committee received the matters arising from the minutes of the previous meeting. The following matters were covered:

Uniforum / TRAC benchmarking data

[a] The benchmarking data had been used to inform faculty margins as part of the preparations for the planning and accountability review process. An update would be provided at the Committee's meeting in November.

[b] There had been a number of articles in the press regarding league tables and the value for money of higher education. A brief update was requested on QMUL's position in this regard at the next Council meeting.

Actions:

[a] Chief Operating Officer, Finance Director

[b] President and Principal

Part 2: Financial Performance

First draft outturn for 2016–17 [FIC17/03]

2017.004 *Minute 2017.004 is confidential.*

Part 3: Financial Strategy and Policy

Life Sciences update [FIC17/04]

2017.005 *Minute 2017.005 is confidential.*

Update on borrowing

2017.006 *Minute 2017.006 is confidential.*

2017.007 *Minute 2017.007 is confidential.*

University Fee Regulations 2018–19 [FIC17/05]

2017.008 The Committee **approved** the University Fee Regulations for 2018–19. It was noted that the Regulations referred to inflation on regulated fees but it was anticipated that the government would no longer permit this.

Financial Regulations and Scheme of Delegation of Financial Authority: annual review [FIC17/06]

2017.009 The Committee **agreed to recommend** the Financial Regulations and Scheme of Delegation of Financial Authority for approval by Council, subject to review by the Audit and Risk Committee and clarification of the role of the executive in implementing the Financial Regulations (point 1.4).

Action: Finance Director

Part 4: Capital Projects and Estates

Financial capital report [FIC17/07]

2017.010 *Minute 2017.010 is confidential.*

Estates Strategy Board [FIC17/08]

2017.011 The Committee **received** the Chair's summary report of the Estates Strategy Board meetings of June, July and August 2017.

Part 5: Treasury Management and Investment

Investment Managers sub-group report [oral report]

2017.012 The Committee **received** an oral report from the Finance Director. The following points were noted in discussion:

[a] *Minute 2017.012[a] is confidential.*

[b] The Investment Managers, Ruffer, had acknowledged that performance in the year to date had been poor, but performance in 2016 had been good. The sub-group had concluded that Ruffer's performance had been average.

[c] The Committee **agreed** it was timely to retender based on the current mandate, which would enable comparison of other fund managers' performance with similar portfolios and mandates. The Finance Director would review the mandate prior to the tender process.

Action: [c] Finance Director

Part 6: Other Matters for Report

QMUL Pension Liabilities Report [FIC17/09]

2017.013 The Committee **received** the QMUL Pension Liabilities Report. The following points were noted in discussion:

[a] Both the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London (SAUL) scheme had tri-annual valuations in March 2017 and would require agreement from the Pensions Regulator by March 2018.

[b] Employer pension costs had increased from £25.2m during 2015–16 to £28.7m in 2016–17. This was mainly attributable to the increase in employer pension contribution rates for the SAUL (13-16%) and USS (16-18%) schemes from April 2016.

[c] QMUL's backlog pension liabilities reduced from £43.5m on 31 July 2016 to £39.5m at 31 July 2017, the cash contribution to this reduction was £3.6m.

USS pension consultation briefing [FIC17/09a]

2017.014 The Committee **received** a paper on the USS pension consultation briefing. The following points were noted in discussion:

[a] A number of Council members attended a briefing on the USS pension consultation on 21 September 2017. The Executive had provided a response to the consultation; members attending the briefing had indicated their support for the response.

[b] It was anticipated that the majority of universities would not support an increase in contributions or reliance on the employer covenant, which would likely result in a change in scheme benefits and industrial action.

[c] *Minute 2017.014[c] is confidential.*

[d] It was suggested that QMSE seek information from UUK on the in-house management of the investment portfolio by USS and the assumptions they were making for future liabilities.

Annual summary 2016-17: bad debt write-offs [FIC17/10]

2017.015 The Committee **received** the annual summary of bad debt write-offs for 2016–17.

Terms of reference, membership and schedule of business 2017–18 [FIC17/11]

2017.016 The Committee **agreed to recommend** the revised terms of reference for 2017–18 for approval by Council and **noted** the revised membership and schedule of business for 2017–18.

Draft agenda for next meeting [FIC17/12]

2017.017 The Committee **received** the draft agenda for the next meeting on 13 November 2017.

Any other business

2017.018 The Committee recorded its thanks to the Treasurer and Chair of the Committee, Simon Linnett, for his significant contributions to QMUL. The President and Principal expressed a desire for Simon to continue his involvement with QMUL in future.

Meetings in 2017–18

- Monday 13 November 2017 at 1530 hours, Robert Tong Room
- Tuesday 13 March 2018 at 1530 hours, Robert Tong Room
- Tuesday 19 June 2018 at 1530 hours, Robert Tong Room